Annual Report
20 February 2025

The London P&I Club

Contents

Board of Directors & Members' Committee

The London P&I Club – Board of Directors

The following persons served on the Board during the year, and at the date on which these Financial Statements were approved (unless otherwise stated):

Chairman

John M. Lyras
Lyras Maritime Ltd., London

Vice Chairmen

Robert A. Ho
Fairmont Management Ltd., Hong Kong

Vassilis J. Laliotis
J. Laliotis Maritime Group, Athens

John L. Harbor*
Surrey

John L. Lawrence
London

Amnon Lion†
XT Group, Haifa

Ismini Panagiotidi
Pavimar S.A., Athens

John J. Raggio
Sealift LLC, New York
Resigned 29 April 2025

Josef Sedlmeyr
Northern Shipping Holding, Hamburg

Sophocles N. Zoullas
Zenith Shipping LLC, New York

Managers

James C.L. Bean
A Bilbrough & Co Ltd., London
Appointed 4 November 2024

Iain Paul
A Bilbrough & Co Ltd., London

Anthony G. Jones
A Bilbrough & Co Ltd., London

Ian E. Gooch
A Bilbrough & Co Ltd., London
Resigned 4 November 2024

*** Risk Committee Chairman**
† Audit Committee Chairman

Registered address

50 Leman Street, London, E1 8HQ
Registration number: 10341

The London P&I Club – Members' Committee

The following persons served on the Members' Committee during the year, and at the date on which these Financial Statements were approved (unless otherwise stated):

Chairman

John M. Lyras
Lyras Maritime Ltd., London

Vice Chairmen

Robert A. Ho
Fairmont Management Ltd., Hong Kong

Vassilis J. Laliotis
J. Laliotis Maritime Group, Athens

John Anagnostopoulos
EPS Shipping (UK) Ltd., London
Resigned 6 May 2024

Sreeganth Bangaroo
Raffles Shipmanagement Services Pte. Ltd., Singapore

Medelin Dini
Waruna Group, Indonesia
Appointed 17 July 2024

Marcus Dodds
Capital Maritime & Trading Corp., London

Stamos J. Fafalios‡
Fafalios Shipping S.A., Piraeus

Peter Hadjipateras
Dorian LPG (USA), Stamford, CT

John L. Harbor
Surrey

Wenguang Ji
SITC Shipping Group, Shanghai

Christopher Lambe
Eastern Pacific Shipping Pte. Ltd., Singapore
Appointed 5 February 2025

John L. Lawrence
London

Michael C. Lemos
C.M. Lemos & Co. Ltd., London

Amnon Lion
XT Group, Haifa

Ismini Panagiotidi
Pavimar S.A., Athens

Vassilis Papageorgiou
Tsakos Group, Athens

John J. Raggio
Sealift LLC, New York
Resigned 30 April 2025

Nikolaos Savvas
Cosmoship Management S.A., Piraeus

Josef Sedlmeyr
Northern Shipping Holding, Hamburg

Zhongyi (John) Su
Erasmus Shipinvest Group, Athens

Shmuel Yoskovitz
X-Press Feeders, Singapore

Shen Zhao
China Shipbuilding Consulting Co. Ltd., Shanghai

Sophocles N. Zoullas
Zenith Shipping LLC, New York

‡ War Risks Committee Chairman

Chairman's Report

Dear Members,

The Association's result for 2024/25 was an overall surplus of US$21.3m, lifting our free reserves to US$171.2m. I am also pleased to report continued stability in our technical performance, with a combined ratio of 101.7%.

> "In November 2024, we were pleased to welcome James Bean, having taken over as CEO from Ian Gooch who stepped down after 15 years at the helm."

Whilst the Association's own claims were in line with budget for the year, with just one claim notified to the Pool, our contribution to other Clubs' Pool claims was much higher than we had anticipated. This underlines the continued importance, particularly given the current global geopolitical uncertainties and ongoing inflationary pressures, of looking to all members to make an equitable contribution to help maintain a balanced underwriting result, alongside being focused on individual fleet loss records and risk profiles.

It has been reassuring to see that the membership and market, more generally, have got behind this strategy, which, as well as yielding better longer-term results for the Association, is ensuring stronger foundations to support our growth strategy. During the year now under review, the Association's mutual tonnage increased by 12.6%, with additional tonnage coming from both existing and new members globally. Following the February 2025 renewal, our mutual book stood at 49.5m gt, in comparison to 44.1m gt seen 12 months prior to that. As a result, the Association's tonnage is now back to the same level as it was in 2021/22 but with a significantly stronger premium base.

The strengthening of our rating and deductible levels in line with the Association's targets has been further supported by an improved S&P Outlook to Stable (BBB), reflecting a sustained period of improved operating performance and strengthened capital position over the past two years.

As always, on behalf of my fellow directors and I, the Association is grateful for the support of its Members and brokers, and remains committed to providing the highest level of personal, reliable and quality service. I am proud of our position within the International Group of P&I Clubs, where the Association continues to play a key role in coordinating and promoting the collective global strength of the P&I industry on behalf of the world's shipowning community.

This has been exemplified by Garry Stevens, an Associate Director within our Management, who stood down as the Chair of the IG Correspondents Committee in August 2024, after 13 years in that position. We all appreciate the essential role that Club correspondents play in supporting Members and Assureds in dealing with a broad range of issues globally by protecting their interests and acting as the Association's 'eyes and ears'. We are grateful to Garry for championing correspondents across the International Group and ensuring that its Clubs are working together to sustain this essential source of support, knowledge and information.

In October 2024, we had the pleasure of holding our Board and Members' Committee meetings in Athens. It was our first overseas meeting since the pandemic and a great opportunity for us all to meet with Members in Greece. At a personal level, it was wonderful to see such strong support for the Association and to hear about how our local office, working alongside the management team in London, continue to deliver the level of support for which the Association is so highly regarded. In October 2025, we will be meeting in Shanghai, a further sign of our continuing commitment to business in Asia and the Greater China region.

On the subject of China, I am delighted to advise that the Association will be opening an office later this year in the Pudong District in Shanghai. This new office will strengthen our local service proposition to Members and Assureds in a vital and vibrant maritime hub and ensure we can continue to provide the very best personal service to our Members in the region.

During 2024, we were pleased to welcome Medelin Dini to the Members' Committee, as well as Chris Lambe following the resignation of John Anagnostopoulos, who has our best wishes for the future. In April 2025, we said also thank you and farewell to John Raggio who retired from the Board after 23 years of service to the Association.

I would also like to note developments involving our management. As I advised last year, we were pleased to welcome James Bean in November 2024, having taken over as CEO from Ian Gooch who stepped down after 15 years at the helm. This development was all part of a carefully planned approach to succession. I am pleased to report that the handover from Ian went very smoothly and I am grateful to the senior management team for their close support during this process. The management team have also been strengthening their underwriting team, with a couple of strategic hires in London and Hong Kong, which will support our commitment to growing the Association's business globally.

Regarding succession planning, I would also like to advise that I will be stepping down as Chair of the Board in January 2026, following 45 years of service to the Association, the last 30 years of which have been as Chair. It is wonderful to be doing so at a time when the Association is going from strength to strength, both financially and in terms of growth, at sustainable rates. I would like to thank the Board, Members' Committee and Management for their close support and friendship over the years. An announcement regarding my successor will be made following the Board Meeting in October 2025, subject to the necessary regulatory approvals.

John M. Lyras
Chair

Strategic Report

PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of Protecting & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks insurance for Members on a mutual basis. The Association also provides P&I and FD&D insurance cover on a fixed premium basis for owner and charterer assureds.

KPI
GROSS EARNED PREMIUM

US$159.8m
2024/25

US$142.6m
2023/24

KPI
OPERATING SURPLUS

US$21.3m
2024/25

US$36.3m
2023/24

KPI
COMBINED RATIO*

101.7%
2024/25

83.1%
2023/24

KPI
INVESTMENT RETURN

6.3%
2024/25

5.0%
2023/24

KPI
MUTUAL P&I TONNAGE

47.3m GT
2024/25

42.0m GT
2023/24

KPI
YEAR-END FREE RESERVES

US$171.2m
2024/25

US$149.8m
2023/24

* The combined ratio is the sum of net incurred claims and net operating expenses over net earned premium expressed as a percentage

Iain Paul
Chief Financial Officer

FINANCIAL OVERVIEW

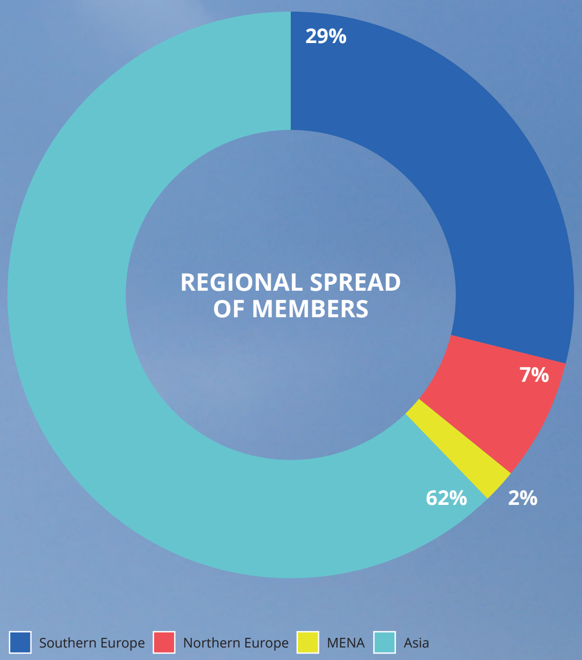
As set out in the Consolidated Statement of Comprehensive Income and Retained Earnings, the Association's operating result for the year under review was an after-tax surplus of US$21.3m (2023/24: US$36.3m). This operating result lifted free reserves at the year-end date to US$171.2m (2023: US$149.8m).

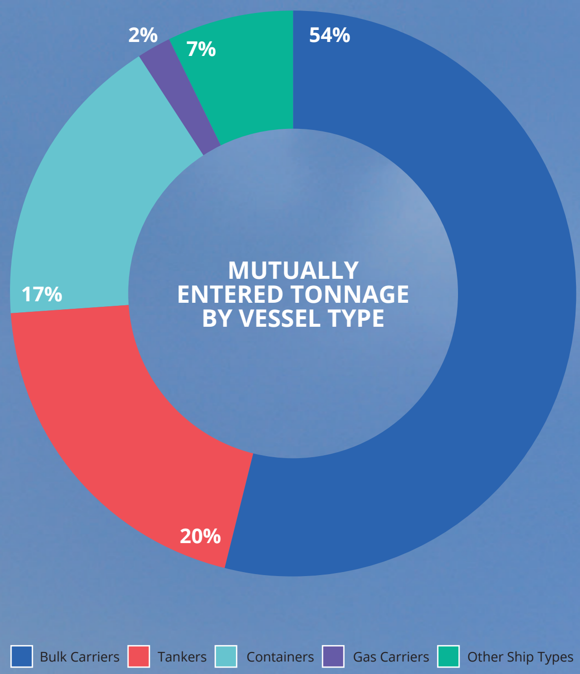
Gross earned premium income from all product lines was US$159.8m in the 2024/25 financial year, a 12.0% increase on the US$142.6m seen in the year prior. A further strengthening of rating levels announced by the Association following the February 2024 renewal, as well as growth in the volume of business on risk, played an important part in the delivery of this encouraging increase in underwriting revenues.

It was noted in the 2024 Strategic Report that the Board's core objective of a balanced underwriting result in an average claims year was now a realistic expectation in the current pricing environment. This was the Association's experience in the year just ended, with the net incurred cost of claims at US$114.7m (2023/24: US$77.0m) being in line with expectations and the Association's combined ratio of 101.7% (2023/24: 83.1%) confirming a technical result close to breakeven. Whilst the overall claims outturn was in line with expectations, the cost of claims reported to the Pool during the year was notably higher than expected and a reminder of the unpredictable nature of high-value claims activity that all Clubs face from their own Memberships and the Pool. The full effect of this increase in Pool activity was mitigated by better than anticipated development in the projected ultimate cost of claims in prior years.

The Association's 6.3% investment return on assets under management and cash holdings contributed US$24.7m (2023/24: US$17.4m) to the operating result for the year.

John Lyras, Chairman, and Vassilis Laliotis, Vice Chairman of the London P&I Club





UNDERWRITING

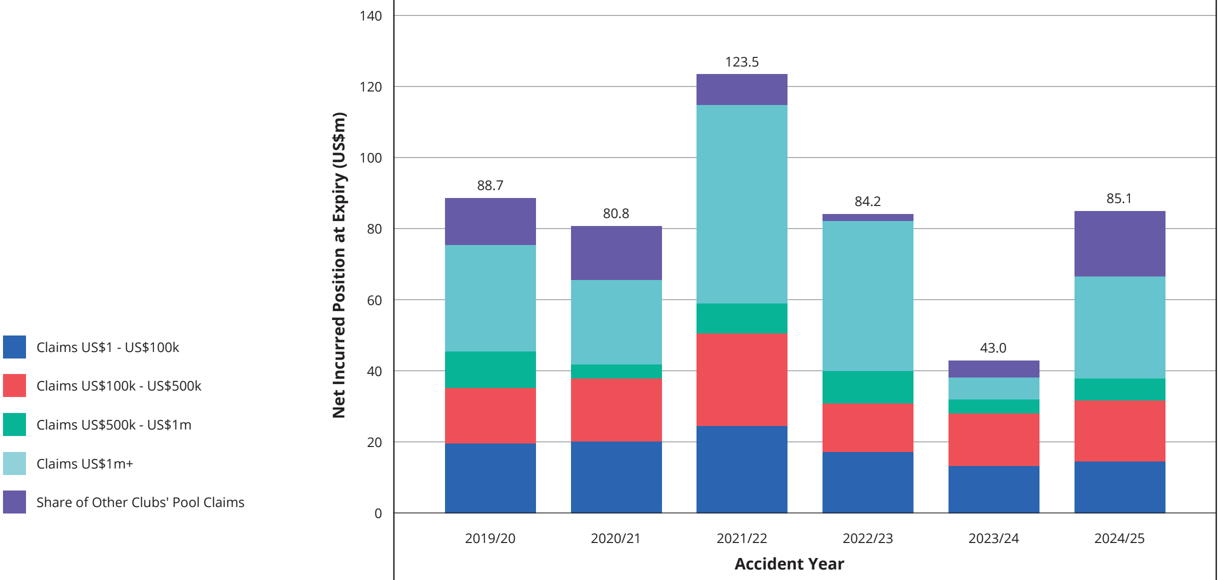
During the 2024/25 policy year, the Association's mutually entered tonnage increased to 49.5m gt - a year-on-year growth of more than 12% and with a corresponding premium growth of over 15%. The global reach of the Association was supported by additional tonnage being entered by Members predominantly based in China, Dubai, Greece, Singapore, Turkey, and Vietnam. The additional tonnage was drawn from a variety of ship types but predominantly bulk carriers, tankers and containers.

In addition to the positive developments recorded for the mutual business, the Association's fixed premium business, both owned and chartered, and war risks cover also demonstrated growth, both in terms of tonnage and premium.

The continued positive development in the Association's technical performance aligns with the ongoing efforts to ensure the sustainability of rating and deductible levels. At the February 2025 renewal, increases in premium and deductible levels were achieved and Member retention levels exceeded 96%. This, together with a clear focus on growth based on attracting quality shipowners from markets worldwide, continues to form the core of the Association's underwriting strategy.

The London P&I Club was delighted to start providing P&I cover for the world's first LNG dual-fuel car carrier *Lake Herman* from Eastern Pacific Shipping. This vessel is one of the greenest PCTCs on the planet and a critical sign of the Association's support for a low carbon shipping industry.

CLASS 5 P&I – NET INCURRED POSITION AS AT EXPIRY



CLAIMS

CLASS 5 – PROTECTING & INDEMNITY CLAIMS

When comparing the claims figures across recent years, the 'at expiry' figures for the 2024/25 policy year are close to the comparable figures for three of the previous five policy years. At US$85.1m, the 2024/25 end-of-year figures are similar to the end-of-year figures for 2019/20 (US$88.7m), 2020/21 (US$80.8m) and 2022/23 (US$84.2m). In that regard, 2024/25 was a normal year, emphasising the extent to which 2021/22 (US$123.5m) and 2023/24 (US$43.0m) were outliers.

However, the composition of the US$85.1m end-of-year figure for 2024/25 is interesting in that the Association's contribution to Other Clubs' Pool Claims (OCPC), at US$18.5m, is by some distance the highest OCPC cost in any recent policy year.

It is also the case that these figures only reflect costs on claims notified to us prior to the year-end date. As such, the estimated ultimate cost of OCPC to the Association for 2024/25 is materially higher than that shown.

Comparing the total amount of claims on the entered ships against the previous five policy years, excluding OCPC figures, further emphasises that the claims experience in 2024/25 was unremarkable.

Within the potentially volatile contribution of 'high-severity' claims, meaning claims expected to cost US$1m or more, the most expensive claims type was Fixed and Floating Objects (FFO or dock damage) claims. One of the two 'high severity' claims was the Association's only Pool claim in 2024/25. While that claim is not expected to be a significant claim on the Pool, it is the biggest contributor to the aggregate cost of high-severity claims in 2024/25. In addition, two of the high-severity claims are GA & Salvage files arising from groundings, where the causation investigations are ongoing and the P&I exposure has some scope to improve.

The London P&I Club were part of the 30th anniversary celebration of VINARE in Vietnam in October 2024

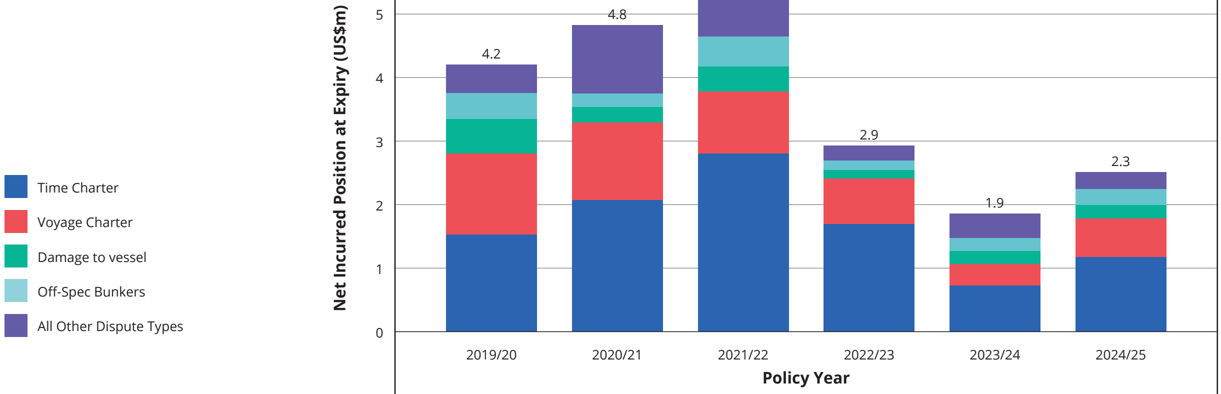
CLASS 8 – FREIGHT, DEMURRAGE & DEFENCE CLAIMS

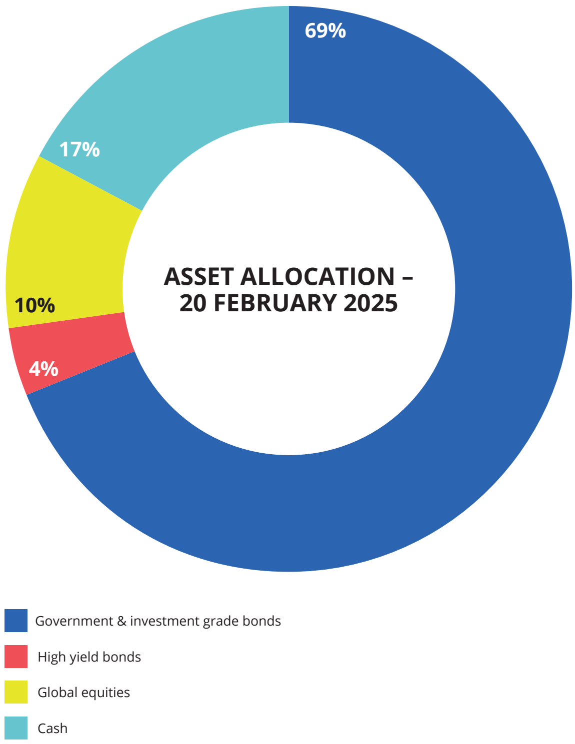
The 'at expiry' total incurred cost on the 2024/25 Class 8 FD&D business was, at US$2.3m, slightly higher than the comparable figure of US$1.9m for the 2023/24 policy year. However, the end-of-year figure for 2023/24 was the lowest figure in the previous decade and, although slightly higher, the 2024/25 'at expiry' total was the second-lowest total in the previous decade.

In a policy year where ongoing geopolitical uncertainty, such as the attacks on shipping by the Houthis in the Red Sea, the ever-expanding sanctions complexities and climate change challenges, which are the probable drivers of draught restrictions in the Panama Canal, may have created a context where legitimate charterparty disputes could have been expected, none of those challenges had a material impact on the FD&D spend in the 2024/25 policy year.

The 2024/25 Class 8 FD&D file count was actually lower than in the previous policy year and the modest increase in the 'at expiry' cost was the result of conventional charterparty disputes rather than any of the exceptional context discussed above.

CLASS 8 FD&D – GROSS INCURRED POSITION AS AT EXPIRY





INVESTMENTS

At the time of the Association's new financial year in February 2024, an upwards repricing of US policy rate expectations that had begun at the start of the calendar year was underway and continued until April/May 2024, as the market removed the overly-optimistic expectations for easing that had been priced in a few months prior. The driver of the more hawkish pricing was a string of upside surprises to inflation data releases, which challenged the idea of immaculate disinflation towards the Fed's target level of 2%. It was confirmed that the US economy had ended the previous year with much more momentum than first expected, with the labour market remaining healthy with the unemployment rate at a historically low level of around 4.0%.

The Board met early in the year to discuss the portfolio positioning given this uncertain backdrop, including reviewing various market scenarios and tail risk events, to ensure that the portfolio was well positioned to weather both persistent inflation and growth or a slowdown. Duration of the portfolio was held at neutral, and managers maintained an underweight positioning to risk given historic tightness of credit spreads and continued inflationary pressures.

The third quarter of 2024 saw the return of volatility to financial markets as political developments in France began to unnerve investors. Weakness in global stocks accelerated in early August 2024, triggered by a weak July US jobs report, which saw the unemployment rate rise to 4.3%, and a sharp unwind of the JPY carry trade as the Bank of Japan unexpectedly hiked the policy rate to 0.25%. Ultimately, these developments and concerns around the health of the US labour market led the Fed to cut by an outsized 50bps in September 2024 to take the Fed Funds Rate range to 4.75-5.00%. Unintuitively, this 50bps cut event proved to be the low point in 10-year Treasury yields for the year, as yields rose sharply from 3.6% to 4.5% by mid November 2024.

Members of the London P&I Club were a part of the 2024 International Group of P&I Clubs Correspondent Conference in Hong Kong in July 2024, including Deborah Yu, Associate Director, and other members of our Hong Kong office

The London P&I Club opened its doors during Posidonia 2024, welcoming our Members, Brokers, Assureds and friends from around the world to Athens in June 2024.

In a year that saw elections in countries accounting for more than 50% of global GDP, the November US election was undoubtedly the most hotly anticipated and impactful event. As the election drew nearer, global financial markets moved to price an increasing likelihood of a Republican sweep and were ultimately vindicated with President Trump winning both the electoral and popular vote; the first time a Republican had achieved this since 2004. Key focus was on the potential economic impact of fiscal loosening via tax breaks for corporates and consumers, and foreign policy in relation to trade and geopolitics, immigration and deregulation.

Initially, markets reacted in a similar fashion to Trump's first victory in 2016; higher dollar, higher equities and higher bond yields as markets celebrated the potential for a positive growth impulse and continued demand for US assets. The Association participated in this rally by a small allocation into broad market US equities, again retaining a more cautious approach to the asset class. As 2025 commenced, however, markets began to question the sustainability of US exceptionalism as the breadth and severity of the Trump administration's approach to tariffs became clearer, and extreme levels of trade policy uncertainty depressed sentiment and stoked fears of inflation alongside weak growth.

The start of 2025 saw European equities outperform those in the United States, whilst the Treasury yield curve swung in a volatile fashion as investors grappled with the prospect of higher inflation, slowing growth and a burgeoning fiscal deficit. The Association's fixed income managers continued with their underweight risk positioning given the increased volatility and historically low credit spreads, with greater allocations to agency mortgage backed securities and government debt, and increasingly higher quality credit exposures.

The financial year ended with the Fed Funds rate in the target range 4.25-4.50% (100bps lower than the cycle peak) with the market expecting just 38bps of further easing for 2025 as the growth and inflation outlook were both robust enough, and US foreign policy impacts sufficiently uncertain to keep the Fed on hold until further economic clarity would be achieved. Assets under management in the core portfolio returned 7.2% for the year, with the addition of cash and other passive investment holdings paring back the group level return to 6.3%.

REINSURANCE

International Group Clubs share between them their large mutual P&I loss exposures, in excess of the individual Club retention, in accordance with the terms of the Pooling Agreement.

As mentioned earlier in this report, there was a notable increase in major loss activity impacting the Pool in 2024/25 following two relatively benign years. Maritime casualties can attract a high level of mainstream media attention and this was the case for the Dali allision with the Francis Scott Key Bridge in Baltimore in March 2024. Whilst this casualty was always likely to represent a limit loss for the Pool, there was material uncertainty as to what the quantum of loss would be for Group's reinsurance partners. Recognising that this material uncertainty would persist up to and beyond the February 2025 renewal date, the Group and its brokers engaged earlier than usual with the market and agreement was reached on how this casualty would be taken into account when negotiating terms for the 2025/26 policy year.

No changes were made to the Club and Pool retentions for the 2025/26 policy year. All claims between the US$10m individual Club retention and US$100m, plus the first US$107m of claims within Layer One of the General Excess of Loss reinsurance programme, are retained by the Pool and shared on an equitable basis between the Member Clubs. Hydra, the Group's segregated cell captive vehicle, reinsures Clubs for their exposure to Pool claims in excess of US$30m.

Claims exceeding US$100m on a per event basis, and further in excess of the first US$107m of activity retained by the Pool within the open market layer, are covered by the Group's General Excess of Loss contract (GXL). The GXL has a per event limit of US$2.1bn and there is an additional US$1.0bn of overspill cover excess of US$2.1bn. The Reinsurance section of the International Group's website (www.igpandi.org) provides further details on and a diagram of the structure of the General Excess of Loss programme in 2025/26, details of the MLC and excess War P&I cover that is placed collectively on behalf of all Clubs and their Mutual Members, as well as the cost on a per gt basis for each vessel category.

The Association augments the high levels of cover provided by the Pool and GXL with its own reinsurance purchases tailored: (i) to manage within acceptable limits its exposure to an unusually high frequency of medium and higher severity losses across all product lines; and (ii) to support the provision of per event limits of up to US$1bn for Fixed Premium Owners' and Charterers' P&I business.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

The following is an overview of progress with the Association's sustainability strategy in the year under review, as set out in our Sustainability Policy. The Association and its subsidiaries are not required to provide sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), but this report is mindful of the EU's developing voluntary standards, as well as the evolving information requirements of companies, including EU Members, which are or might become subject to the CSRD.

Governance

The Association provides mutual insurance cover against P&I, FD&D and War Risks to our shipowner Members. We also provide such covers to smaller ship and charterer assureds, along with ancillary covers, on a fixed premium basis. There have been no material changes to our Systems of Governance in the last year. The Association is governed by a Board of Directors, which is supported by our Members' Committee, made up of 22 senior representatives of the membership. The Risk Management System is overseen by the Risk Committee, with support from the Reinsurance Sub-Committee. Day-to-day insurance operations are outsourced to the Managers, A. Bilbrough & Co. Ltd.

The Board and Members' Committee reviewed and approved the Association's Sustainability Policy in July and October 2024, noting the emphasis on the UN Sustainable Development Goals (SDGs) believed to be most relevant to the business and where we can play a meaningful part. Principal elements of the Association's sustainability strategy involve:

- Ensuring the effective discharge of our role (enabled in major cases through the collective strength of the International Group and its claims pooling and reinsurance arrangements) to provide the financial security, resources, and expertise to respond to maritime accidents and pollution events involving our entered ships, across the globe, in a timely, effective manner that minimises negative environmental impacts.

- Reducing the Association's 'in-house' emissions.

- Supporting the sustainability related goals and activities of our stakeholders.

The Association's Chief Executive Officer is the senior manager with responsibility for driving forward the strategy, supported by the Managers' ESG Working Group, and reporting to the Board and Members' Committee on progress.

ESG risks, which cut across many areas of the business and material risks to the Association, are captured within the Risk Register at the operational level, (claims, underwriting, HR etc.) and are identified, monitored and managed by our ESG Working Group, comprising nine senior managers drawn from these operational areas.

The unique characteristics of climate risks mean that their capture by capital frameworks requires a more forward-looking approach than used for many other risks. As reported in prior years, the Association regularly tests scenarios to ensure its risk assessment and capital adequacy remains appropriate. Climate risk scenarios were reviewed in 2024 to identify potential exposures assuming global temperatures rise by 1.5°C , 2°C, and 4°C by 2100 and no new risks were identified. Whilst the climate continues to warm at an unprecedented rate, the scenarios do not impact the business plan or the assumptions and sensitivities considered within the financial statements.

The material medium- and long-term risks identified by the scenario testing are increased frequency and severity of claims (within the Association's retention and engaging the Pool) due to:

- More frequent storms, leading to an increasing number of wrecks, collisions in ports and busy anchorages, as well as an increasing size of 'rogue waves' (which can reach more than 30m and appear to be increasing in size over time[1]) and attendant likelihood of the loss of containers overboard. Additionally, there is the risk of extreme weather leading to increased and longer periods of drought, causing river/canal groundings.

- Increased costs of wreck removal and pollution clean ups in response to national/international sustainability expectations and policies.

Our stress testing suggests that the risks identified above have the potential to increase volatility in our high severity claims experience with a 1-in-25 year scenario, adding more than US$25m of additional claim costs within a policy year. Furthermore, a 50% loss on climate change-related investments could lead to a loss of approximately US$8m.

These extreme scenarios are long term in nature, although there are indications of increasing claims costs resulting from growing stake-holder expectations around claims with an environmental dimension.

[1] A 2019 study looking at two decades of wave data carried out by the UK's National Oceanography Centre and the University of Southampton found that the height of the rogue waves was increasing by 1% year-on-year.
https://www.southampton.ac.uk/news/2019/03/rogue-waves.page

The London P&I Club was pleased to celebrate the success of our Member X-Press Feeders in August 2024 as they launched *Eco Maestro*, the world's first newbuild dual-fuel methanol-powered vessel, as shipping continues to strive towards using greener and more environmentally fuels.

CLIMATE ACTION

THE WORLD MUST NOW DECARBONISE AT A RATE 20X FASTER IF WE ARE TO LIMIT GLOBAL WARMING TO 1.5°C.

Source: Net Zero Economy Index 2024

TEMPERATURE RECORDS WERE SHATTERED IN 2024, THE FIRST CALENDAR YEAR TO BE MORE THAN 1.5°C ABOVE THE PRE-INDUSTRIAL ERA.

Source: World Meteorological Organisation (WMO) State of the Global Climate Report 2024

AROUND 90% OF THE EXTRA HEAT TRAPPED BY GREENHOUSE GASES IS ABSORBED BY THE OCEAN, CAUSING IT TO WARM AND AFFECTING MARINE LIFE, WEATHER PATTERNS, AND SEA LEVELS.

Source: WMO

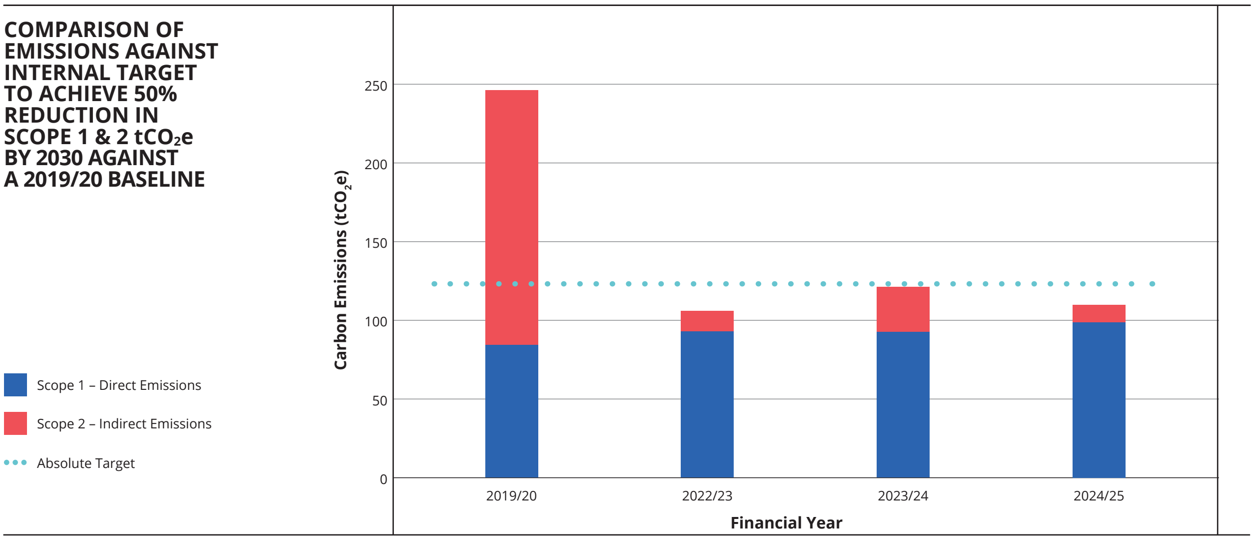
Insuring the transition

Whilst recognising that we have limited control over delivery of the targets set out in the Paris Agreement, the Association remains committed to doing what we can to reduce emissions in our own operations and to support our Members and Assureds with their transition plans. As part of this, we saw the continued entries of new alternative fuel capable ships during 2024/25. In parallel with this, support of growth in offshore wind energy production is another component in our sustainability strategy, particularly through our work with owners operating specialist vessels involved in wind farm installation.

Decarbonising our operations

Within our own operations, there was a 9.9% reduction in Scope 1 and 2 emissions in the last 12 months, achieved by moving IT infrastructure to the cloud and the subsequent removal of in-house servers. These emissions remain below 50% of 2019 levels. Further absolute reductions are expected to be difficult to achieve in the absence of new technologies and significant capital investment.

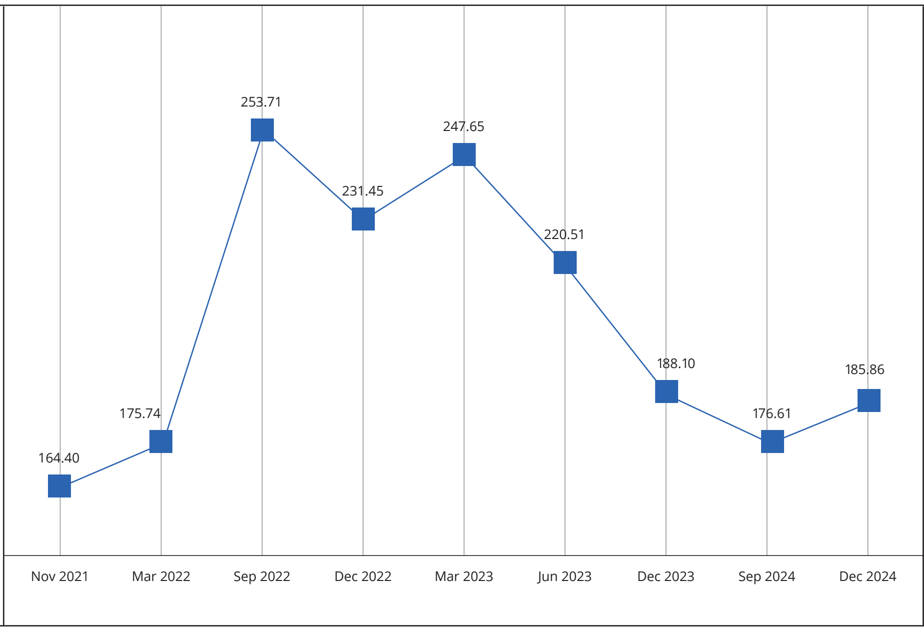
COMPARISON OF EMISSIONS AGAINST INTERNAL TARGET TO ACHIEVE 50% REDUCTION IN SCOPE 1 & 2 tCO_2e BY 2030 AGAINST A 2019/20 BASELINE



Streamlined Energy & Carbon Reporting (SECR) tCO_2e for 2024-25 for the Association and its Managers

Type of emission	Activity	Units	Raw Consumption	Emission tCO_2e	% of total
Direct (Scope 1)	Natural Gas	kWh	538,579	98.72	
	Heating Oil	Litres	613	0.21	
	Subtotal			***98.72***	***15.7***
Indirect (Scope 2)	Purchased Electricity (market-based)	kWh	392,751	10.96	
	Subtotal			***10.96***	***1.7***
Indirect (Scope 3)	Water	m³	714	0.11	
	Waste	Tonnes	7.6	0.10	
	Business Travel	km	1,179,276	416.0	
	Employee Commuting			66.67	
	Working from Home			36.0	
	Cloud Computing			0.01	
	Subtotal			***518.88***	***82.6***
	Total Emissions (tCO_2e) (market-based)			**628.55**	

PORTFOLIO WEIGHTED SCOPE 3 CARBON INTENSITY (TONNES PER $1M INVESTED)



In line with best practice and the Green House Gas (GHG) Protocol, our emissions are currently reported as CO_2 equivalent (CO_2e), covering both CO_2 and a converted score for all other GHGs. Independent calculations under the Streamlined Energy & Carbon Reporting (SECR) Regulations show our Scope 1 and 2, CO_2e footprint for 2024/25 was 109.63 tonnes.

Scope 3 emissions, which capture emissions related to upstream and downstream activities across the Association's value chain, are responsible for most of the reported emissions. We currently report Scope 3 emissions that we can directly influence, such as air and rail business travel, commuting, working from home and for the first time this year, cloud computing, on a 'best endeavours' basis. There was an 8% increase in these Scope 3 emissions this year, in large part reflecting increased air travel, especially in Asia and connected to the Association's continued growth in the region. While this is expected to continue, measures, such as the further strengthening of our regional resources, should ameliorate the impact.

There was also a slight uptick in carbon intensity of the Association's equity and corporate bond portfolios as reported by the fund managers. At the same time, there are signs of some ESG initiatives stalling, especially in the US, and reports of a move away from related reporting and disclosures both from a fund manager and company perspective. The reduction in the disclosure of such data means a greater emphasis on estimated carbon outputs for those companies that do not report, which tend to be more conservative.


Dhananjay Das Podiyatvariyam, Senior Claims Manager, addressed the IGCC 2024 in Hong Kong, speaking about the evolution of claims handling in the maritime space.

Fiona Pounds, Associate Director and Deputy General Manager of the London P&I Club's office in Hong Kong, speaks to delegates at the London Club's exclusive seminar in Jakarta, Indonesia, in October 2024.


Garry Stevens, Associate Director and Chairman of the International Group Correspondents Committee, welcomes delegates to the IGCC 2024 conference in Hong Kong.


Guy Igham, Senior Underwriter, joins colleagues, friends and Members at a special reception in Hamburg, Germany, in late September.

Water Usage & Waste Management

Water usage is at 711 m3 and not material given the number of employees working on a hybrid basis.

During the last year, the waste managers for the London office were changed and, as a result, waste no longer goes to landfill and emissions have been reduced. Whilst the recycling rate has increased from 54% to 66%, further opportunities have been identified to increase this rate further.

Life Below Water

We are committed to supporting ocean protection initiatives, including the provision of financial security, resources, and expertise to enable a timely and effective response to maritime accidents and pollution events involving our entered vessels, to minimise negative environmental impacts.

Our work also embraces loss prevention initiatives to reduce the risk of incidents that might adversely impact the marine environment. When such an accident occurs, the Association plays a key part in a sensitive and rapid clean-up response effort.

Ships entered with the Association are members or associates of International Tanker Owners Pollution Federation Limited (ITOPF), ensuring they have ready access to specialist, technical expertise whenever necessary. Additionally, the Association is a member of HELMEPA, the Hellenic Marine Environment Protection Association, whose goal is to raise environmental consciousness amongst the local maritime community. Our ship inspection programme covers more than 250 vessels per year focusing on all aspects of operations, including 'Environmental Protection', where procedures, equipment and record keeping are cross-checked against the highest industry standards.

Colleagues from our London, Hong Kong and Greek offices have also participated in beach and river clean ups, removing many bags of rubbish that would otherwise enter the oceans and damage fragile coastal environments.

Members of the London P&I Club took part in a river cleaning event on the banks of the River Thames in London to remove harmful rubbish and improve the habitat for local people and wildlife.

The London P&I Club's team in Hong Kong collected more than 22kg of rubbish as part of the ongoing Hong Kong Cleanup campaign in July 2024

SOCIAL

Reduced inequalities

We respect the human rights of our people. All our employees have access to grievance mechanisms and whistleblowing procedures, through which complaints and disputes can be resolved effectively. There have been no whistleblowing complaints in the last 12 months.

Peace, Justice & Strong Institutions

We aim to make a positive contribution to society in the countries in which we operate, supporting the rule of law, and we maintain a policy to prevent modern slavery and combat human trafficking within the supply chain, alongside compliance with the requirements of the UK's Modern Slavery Act 2015.

The Association is now a member of the Maritime Anti-Corruption Network (MACN), which, along with continuing to maintain robust sanctions controls, represents a significant step in support of the Sustainable Development Goal 16: Peace, Justice and Strong Institutions. MACN is a global business network that aims to tackle corruption and enable fair trade in shipping. As an MACN member, the Association joins more than 220 global companies in working towards the elimination of all forms of maritime corruption.

The Network's activities include raising awareness of the issue; implementing the MACN Anti-Corruption Principles and establishing best practices; collaborating with governments, non-governmental organisations and wider society to determine and address the root causes of corruption; and fostering a culture of integrity within the shipping community.

Tens of thousands of incidents have been reported to MACN since its establishment in 2011, highlighting the scale of the challenge the maritime industry faces. Incident reports are important for MACN, as well as for the industry to understand and manage risks of corruption in ports globally. Data serves as a powerful lever when engaging with governments and other stakeholders, and by joining MACN, the Association can contribute towards the elimination of a significant but under-acknowledged threat. In doing so, we help ensure that our Members, Assureds and the maritime community at large continue to trade with confidence.

The Association continues to expend significant resources to comply with all applicable international sanctions laws. We have implemented robust internal processes and invested in an improved automated screening system to achieve the highest compliance standards and, where necessary, have withdrawn or declined cover to avoid breaches of sanctions regimes. Furthermore, we recognise the importance of keeping our membership informed of current sanctions requirements. As such, a primary objective is to equip Members and Assureds with the relevant resources and information to assist them in adhering to regulations and avoiding any possible sanctions violations. Sanctions and financial crime issues are reported to the Board with a zero-breach target set. There were no reported breaches in the last year.

Decent Work & Economic Growth

The importance of well trained, diverse and motivated employees is essential to deliver the service that our Members and Assureds expect. The Managers aim to ensure employees are paid competitive salaries and have a good work/life balance whilst standing ready to react to enquiries from across the membership at all times. In our London Office, we ensure our regular service providers pay the London Living Wage to their employees. Non-discrimination and anti-harassment policies, as well as a comprehensive grievance process, are all in place. All our team receive training on these policies as part of their formal induction process, as well as ongoing training and professional development to improve service, productivity and support the growth of the Association's business.

All customer facing employees undertook at least 15 hours of training during the year. Meanwhile, 16 employees are studying P&I qualifications, and 10 employees passed P&I examination modules in 2024/25.

Ian Barr, Director, spoke at Marine Insurance Greece in June 2024 to discuss the changing landscape for salvors and the marine salvage industry.


The London P&I Club welcomed more than 45 students from the University of Piraeus to educate the seafarers of the future about the important role of P&I clubs in the maritime industry.

Good Health & Well-being

Our sustainability and loss prevention work embraces people, aiming to avoid accidents on board Members' ships and including membership of the International Seafarers' Welfare and Assistance Network (ISWAN), a network of international organisations committed to promoting and improving the welfare of seafarers. Their support programme includes several direct welfare services to seafarers and their families, including the free, 24-hour, multilingual helpline 'SeafarerHelp', which ensures immediate help and support is available at any time of day, anywhere in the world.

The Managers also provide a comprehensive package of health benefits to its employees, including income protection in the event of ill health or serious injury, as well as supporting additional well-being initiatives, and continuing to provide a safe working environment with zero work-related injuries in the year.

Diversity & Inclusivity

As part of our ongoing 'culture' programme, we are working to improve the culture of inclusion, diversity and equal opportunity and have undertaken a survey of our people to collect additional data to inform future activity in this area.

Community

During the year, we were once again delighted to welcome students from the University of Piraeus to our London Office to learn more about marine insurance. More than 40 students studying for an MSc in Ship Management joined the event, receiving presentations from our own Ian Carter and John Warman, as well as Annie Stow, from the International Group. The seminar included talks on the role of P&I Clubs in the maritime world, the work of the International Group, and the handling of people and collision claims.

The Association continues to support the next generation of maritime professionals, and sessions like these offer a valuable opportunity for students to engage with marine insurance experts, making for insightful discussions and a beneficial exchange of knowledge.

In June 2024, members of the Piraeus Office also took part in a 5 km charity run during Posidonia, raising funds for the Public Benefit Municipal Corporation of Piraeus.

Members of the London P&I Club in Greece joined the global shipping industry for the 2024 Posidonia Running Event, raising critical funds for the the Municipality of Piraeus and the Public Benefit Municipal Corporation of Piraeus.

SECTION 172(1) STATEMENT

The following section describes how the Directors have performed their duties under Section 172(1)(a)-(f) of the Companies Act 2006. S172 sets out a series of matters to which the Directors must have regard in performing their duty to promote the success of the Association for the benefit of its Members, which includes having regard to other stakeholders.

Board decisions and their impact on stakeholders

The Board operates a programme of standing agenda items appropriate to the Association's operating and reporting cycles. These include items for formal approval such as the Annual Report and Financial Statements, financial forecasts and the Business Plan, Board and sub-committee Terms of Reference, the Management Responsibilities Map and material Association policies, which ensure high standards of business conduct. The Board sets the Risk Appetite for the Association, monitors risk indicators and takes any decisions required to ensure the Association continues to operate within its Risk Appetite. The Board also receives updates from its sub-committees, from business functions on performance and operations, and updates on progress against strategic objectives.

THE TABLE BELOW SETS OUT SOME EXAMPLES OF KEY DECISIONS TAKEN BY THE BOARD DURING THE YEAR, AND HOW STAKEHOLDER VIEWS WERE TAKEN INTO ACCOUNT:

Decision	How we took stakeholders into account	Long-term implications
Sustainable Pricing & Improving Technical Performance	**Members/Assureds, Regulators and Rating agencies** During 2024, the Board focused on monitoring the performance of the Association in light of the 2024 renewal strategy to strengthen the Association's technical performance and financial position. During the setting of the renewal strategy for 2025, the Board paid particular attention to achieving profitable business volume growth. The Board also focused on further strengthening the Association's service offering to Members.	• Improve underwriting decisions • Improve the Association's financial strength • Maintain and improve S&P rating • Generate sustainable long-term growth
Maintaining Reputation	The Board is responsible for maintaining a high standard of business conduct and reputation. It is the Board's duty to establish, monitor, and uphold the culture, values, standards, ethics, and reputation of the Association to ensure that obligations to stakeholders are met. This area was further strengthened by steps taken to implement the FCA/ PRA Operational Resilience Framework, which, in addition to the Association's safety and Soundness, also focuses on Policyholder Protection.	• Improving compliance with regulatory and industrial standards • Working with stakeholders to understand the issues and resolving them
Investments	**Members/Assureds, Regulators and Rating agencies** The Board recognises its responsibility to manage investments and investment risk within defined risk appetite tolerances. In the 2024/25 financial year, the Board regularly reviewed portfolio positioning and modelled portfolio performance against various tail risk events to ensure the portfolio was well positioned to weather either persistent inflation and growth or a slowdown.	Prudent financial management supports the long-term success of the Association and reduces the risk of Supplementary Calls being required from Members.
Governance, Risk and Compliance	**Members/Assureds, Regulators and Rating agencies** Over the past year, the Board's focus has been on strategy, improving technical performance, and governance, including succession planning. The focus on this area was evident with the appointment of the Association's new CEO this year. The Board's active involvement in risk management and compliance developments is evident through its continuous review of management reports and top-down risk assessments. This not only ensures that the organisation operates within the bounds of legal and ethical frameworks but also sets a strong foundation for sustainable growth and success.	The Board's continuous involvement in the improvement of the governance, risk and compliance affairs of the Association is crucial for its success.
Sustainability	**People, Regulators and the wider community in which the Association operates.** The Board has reviewed progress against its ESG objectives as set out in the Association's Sustainability Policy. During July's Board meeting, an updated Modern Slavery Statement was also approved, setting out the steps the Association has taken to prevent modern slavery and human trafficking in its businesses and supply chains.	• Progressing the Association to net zero to reduce our impact on the environment and supporting the well-being of the planet for future generations. • Helps protect the Managers' employees and individuals who work within our supply chain.

Engaging with our Stakeholders
The stakeholders most affected by Board decisions are our Members and Assureds, the Managers and their employees, and our regulators. Throughout 2024, the Board and Senior Management have maintained strong relationships with our stakeholders, and kept all parties fully informed of the major decisions that impact them.

Members and Assureds
During 2024, the Association continued holding Members' Committee meetings at least four times a year. This enabled the Board to consult with Members' representatives prior to taking significant decisions affecting Members and Assureds in relation to the renewal strategy and payment of large claims, thus ensuring fair treatment of the membership.

Our People
The Association's people are the employees of its Managers and the Board has supported Management with its efforts to ensure their safety and well-being. Hybrid working arrangements implemented following the Covid-19 pandemic have been operating efficiently during 2024. Further feedback has been sought and received from our people on its effectiveness and potential for improvement. The Employee Focus Group is in place to ensure that they have a 'voice' and are able to influence the culture of the organisation.

Regulators
As an insurance company, the Association is subject to financial services regulations and approvals in all the markets in which we operate, and the Board is kept informed of regulatory change and any issues arising where action is required to be taken by them. We remain open and cooperative in our engagement with our regulators. During 2024, the main areas of regulatory attention were the Association's monitoring and reporting of its Appointed Representative activities and steps taken to implement the Operational Resilience Framework.

Community and wider environment
Reference should be made to the Environmental, Social & Governance (ESG) section of this Annual Report which provides detailed information on the Association's activities in this area.

INTERNATIONAL GROUP

The International Group of P&I Clubs (IG) monitors the operation and reinsurance of its claims pooling arrangements, making changes when necessary, so that they can continue providing the Association and the other participating Clubs with the exceptional and comprehensive cover required by shipowners. In turn, these arrangements underpin the key role that the IG plays in enabling world trade by supporting global regimes to compensate victims of maritime accidents and protect people, the environment and property.

The IG's collectively stronger approach also supports the cohesive addressing of a wide range of industry issues, through the work of specialist Committees and Working Groups, which harness the extensive experience that resides within each Club. This provides an unparalleled source of knowledge and expertise, which can be brought to bear in exploring and developing practical solutions for shipowners' insurance needs and requirements.

As noted in the Chairman's Report, members of our Management team are active participants on many of the IG Committees and Working Groups. This active approach has been exemplified by Garry Stevens, Associate Director, who stood down as the Chair of the IG Correspondents Committee in August 2024, after 13 years in that position. Further information about the IG's activities, including its strategic goals, can be found on its website: www.igpandi.org.

PRINCIPAL RISKS & UNCERTAINTIES

A description of the principal financial risks and uncertainties the Association faces on a recurring basis is set out at Note 4 to the Financial Statements.

This Strategic Report was approved by the Board on 18 June 2025 and signed on its behalf.

James C L Bean

"These most recent results are the clearest sign yet that the fundamentals of our business are strong and that we are well placed to fully meet the needs of our Members and Assureds, both now and in the future. Our strategic plans are delivering growth in tonnage, acknowledging the Association's reputation for best-in-class personal service. Combined with a strengthening capital position, the London P&I Club is resuming its position as a leading independent mutual marine P&I insurer. We want to thank our Members, Assureds and Brokers around the world for their continued support and confidence."

Directors' Report

COMPANY REGISTRATION: 10341

PRINCIPAL ACTIVITIES

The principal activity of the Association is the provision of Protecting & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks insurance for Members on a mutual basis. The Association also provides P&I and FD&D insurance cover on a fixed premium basis for owner and charterer assureds. The Chairman's Report on pages 6 and 7 and the Strategic Report on pages 8 to 21 report on these activities and the financial results of the Association for the year together with likely future developments.

DIRECTORS

The members of the Board are Directors of the Association for the purposes of the Companies Act. The present members of the Board are listed on page 4.

The following Board members will retire by rotation and, being eligible, offer themselves for re-election:

James C L Bean
Vassilis J Laliotis
John L Harbor
Sophocles N Zoullas

As permitted by section 236 of the Companies Act 2006, the Association has purchased and maintained insurance cover for members of the Board against qualifying third-party indemnity provisions in relation to the Association.

MEMBERS' COMMITTEE

The following Members' Committee members will retire by rotation and, being eligible, offer themselves for re-election:

Medelin Dini
Christopher Lambe
Sreeganth Bangaroo
Peter Hadjipateras
Michael C Lemos
Amnon Lion
Ismini Panagiotidi
Sophocles N Zoullas

FINANCIAL INSTRUMENTS

Information on the use of financial instruments by the Association and its management of financial risk is addressed in Note 4 to the financial statements. The Association's exposure to cash flow risk, credit risk, liquidity risk and market risk is addressed in Note 4 to the financial statements.

FUTURE DEVELOPMENTS

Future developments for the Association are discussed in the Strategic Report.

GOING CONCERN

In accordance with the requirements of Financial Reporting Standard 102, Section 3.8, the Board of Directors has assessed the Association's ability to continue as a going concern. An entity is a going concern unless its management either intends to liquidate the entity or cease trading, or it has no realistic alternative but to do so.

The Association's financial position, its cash flows and liquidity position all form part of these financial statements. Principal risks and uncertainties are set out in Note 4 of the Financial Statements and include reference to the Association's objectives for managing capital in line with its financial risks as set out in its Solvency & Financial Condition Report.

The Board's objective is for the Association to achieve an annual combined ratio close to 100% in an average claims year, thereby allowing most or all of any investment income generated to supplement the free reserve. The Association's combined ratio for the year just ended was 101.7%. This near breakeven technical result and a 6.3% investment return on invested assets and cash combined to deliver an operating surplus of US$21.3m. Whilst the Association's regulatory returns had not been finalised at the time this Report was prepared and approved, its regulatory solvency ratio strengthened further over the course of the 2024/25 year and is expected to exceed 200% at the most recent year-end date. Full details of the Association's regulatory solvency position at 20 February 2025 can be found in Section 5 of the Association's Solvency & Financial Condition Report, which will be published soon after the release of the 2025 Annual Report.

A forward-looking assessment of the Association's operating performance, free reserves and solvency ratio, has been undertaken by Management. The Association remains on a growth trajectory and rating levels are estimated to be sufficient for it to report future combined ratios at or close to breakeven assuming an average claims outturn. Its portfolio of invested assets remains defensively positioned to limit downside risk in what is assessed currently as a period of heightened geopolitical uncertainty. The multi-year solvency projections forming part of the Association's 2024 group ORSA provide the Board with reassurance as to the adequacy of the Association's financial resources over the business planning period covered by the ORSA, including in a range of different stressed scenarios.

The Association is exposed to a number of financial and insurance risks as set out in Note 4 to the Financial Statements, which could negatively impact Management's best estimate projections for future operating performance and financial strength. The Association's Capital Management plan lists a 'toolkit' of potential management actions for the Board to consider if there is ever a need to remedy a future capital deficiency. The Association is a mutual organisation and one potential management action is for the Board to exercise its contractual right to set Supplementary Calls on the Mutual Members. The contractual right permits the Association to recognise an amount of capital for solvency purposes, as approved by the Prudential Regulation Authority. The current approved amount is US$50m.

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date when these financial statements were approved and signed. Accordingly, the Board considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

STATEMENT OF ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE ASSOCIATION

Information on the Association's engagement with suppliers, customers and those in a business relationship with the Association are discussed in the Strategic Report.

BRANCHES

The Association is headquartered in London and has branch offices in Greece and Hong Kong. These branch offices are segments of the Association and are not separately incorporated legal entities.

ENERGY AND CARBON REPORTING

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019 (the Regulation) require the Group to report publicly on its UK energy use and carbon emissions as the Group has annual turnover in excess of GBP36m and a Statement of Financial Position balance in excess of GBP18m. However, as the entirety of the management of the business is outsourced and managed by A. Bilbrough & Co. Limited, the Group has no control over these costs. This would classify the Group as a low-energy user and therefore no disclosure is required. Management has nevertheless voluntarily made disclosure of carbon emissions from operations as part of the Strategic Report.

DISCLOSURE TO AUDITORS

Each of the persons who are Board members at the time when this report is approved has confirmed that:

a) In so far as each Board member is aware, there is no relevant audit information of which the Association's auditors are unaware

b) Each Board member has taken all the steps that ought to have been taken as a Board member in order to be aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This Directors' Report was approved by the Board on 18 June 2025 and signed on its behalf.

James C L Bean

Notice of Meeting

Notice is hereby given that the one hundred and forty ninth Annual General Meeting of the Members of The London Steam-Ship Owners' Mutual Insurance Association Limited will be held at Hotel Mandarin Oriental, 111 Pudong Road, Shanghai, 200120, China, at noon on Wednesday 22 October 2025 or as soon thereafter as the meeting of the Members' Committee closes, for the following purposes:

1. To receive and consider the Financial Statements for the year ended 20 February 2025 and the reports of the Board and Auditors.

2. To re-elect members of the Board and the Members' Committee.

3. To appoint Auditors and fix their remuneration.

4. To transact any other ordinary business of the Association.

By Order of the Board

A Bilbrough & Co Ltd.

18 June 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these Financial Statements, the Directors are required to:

1. Select suitable accounting policies and then apply them consistently;

2. Make judgements and estimates that are reasonable and prudent;

3. Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;

4. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of the London Steam-Ship Owners' Mutual Insurance Association Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The London Steam-Ship Owners' Mutual Insurance Association Limited (the 'parent company') and its subsidiaries (the 'group' or 'London P&I Club'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 20 February 2025 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103, "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income and retained earnings;
- the consolidated statement of financial position;
- the statement of financial position-parent company only;
- the consolidated statement of cash flows; and
- the related notes 1 to 24 (excluding the parts of note 4.5 (capital management) which are marked as unaudited).

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matter	The key audit matter that we identified in the current year was: • Valuation of claims incurred but not reported (IBNR) for the P&I Mutual class assumption.
Materiality	The materiality that we used for the group financial statements was $5,135,000 which was determined on the basis of net assets.
Scoping	The audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.
Significant changes in our approach	There were no significant changes to our audit approach in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing the financial performance of the London P&I Club, including earned premium, net surplus before taxation, investments, cash position, insurance liabilities and net assets, by performing a comparison analysis of the current year versus the prior year-end position;
- evaluating the capital position of the group, the capital resources available and the feasibility of actions available to the directors over the next 12 months;
- evaluating management's forecasts for the 12-month period from the date of approval of the financial statements to assess that the going concern basis of accounting remained appropriate. This included assessing the Own Risk and Solvency Assessment ("ORSA"), prepared in accordance with the group's regulatory requirement, and its assumptions for reasonableness;
- assessing the historical accuracy of past forecasts; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of claims IBNR for the P&I Mutual class assumption

Key audit matter description	The group is required to provide for the cost of settling claims that it has incurred on the business it has written in the year, referred to as insurance liabilities, which amounted to $463m as at 20 February 2025 (2024: $490m). These insurance liabilities constitute 94% of the group's gross liabilities and are a key area of management judgement. They also have a high degree of estimation uncertainty resulting in a wide range of reasonable outcomes. Our key audit matter relates to the most judgemental assumptions (IBNR associated with these provisions) within the P&I Mutual class (non-latent), and future number and cost of claims within the US and UK Mesothelioma exposures for the latent claims. The valuation of reserves associated with these claims relies significantly on assumptions about the future volume of claims, as disclosed in note 2.2.7. This is also disclosed as a critical judgement or key source of estimation uncertainty in note 3.1. Further details are also included within note 17 to the financial statements.
How the scope of our audit responded to the key audit matter	Our procedures included: • obtaining an understanding of relevant controls around the setting of the assumptions used in the valuation of IBNR; and • evaluating the integrity of the data used in the actuarial calculations by agreeing to the underlying records With the involvement of our actuarial specialists we: • reviewed management papers for Mesothelioma and P&I Mutual class (non-latent) IBNR and challenged the actuarial methodologies used to determine whether they are reasonable and supportable through comparison to the wider market; • assessed the reasonableness of management's assumptions with regard to the expected future curve, average cost, future average claims cost inflation rate of reported Mesothelioma claims, including variation to prior periods by: – assessing the supporting data and data trends provided, – comparing to other market data where available, evaluating the rationale and appropriateness of judgements made by management
Key observations	Based on the work performed we concluded that the valuation of claims IBNR for the P&I Mutual class assumption was appropriate.

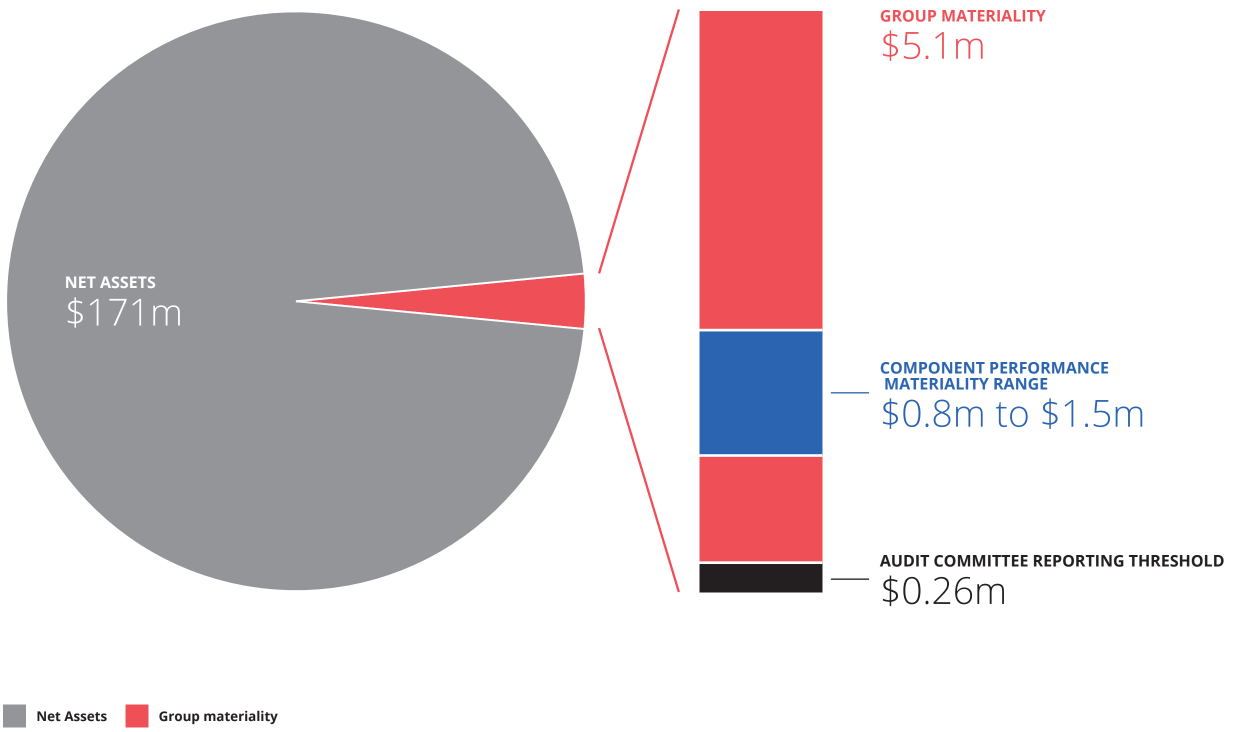
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$5.1m (2024: $4.5m)	$2.3m (2024: $2.4m)
Basis for determining materiality	3% of net assets (2024: 3% of net assets)	0.5% of gross insurance liability (2024: 0.5% of gross insurance liability)
Rationale for the benchmark applied	We have determined net assets as the most appropriate basis for our materiality of the group, as a key focus of members and subsidiaries of the group is whether the group has sufficient capital to pay future claims.	We have determined gross insurance liability as the most appropriate basis for our materiality of the parent company, it informs members of the financial strength of the parent company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2024: 65%) of group materiality	65% (2024: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • The low volume of misstatement identified in the prior period; • our assessment of the control environment and our findings related to IT and business controls.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $257k (2024: $225k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The scope of our audit work was determined by obtaining an understanding of the entity and its environment and assessing the risks of material misstatement at the component level.

The group is comprised of the parent company and its subsidiary undertakings. This includes the London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited ("LSSO Bermuda"), the LSSO cell of Hydra Insurance Company Limited, a Bermudan segregated cell company, and the London P&I Insurance Company (Europe) Limited ("LSSO Europe").

We performed audits of the entire financial information of the parent company and the LSSO Bermuda. This resulted in a coverage of 97% of group revenue (2024: 97%), and 99% of net assets (2024: 99%).

Hydra provide reinsurance coverage within the group, with mainly intra-group transactions and balances, with the exception of investments and cash. Therefore, we performed audit procedures on prescribed balances.

We performed analytical procedures at the group level of LSSO Europe.

The audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team to component performance materiality.

Component performance materialities ranged from $0.8m to $1.5m (2024: $0.8m to $1.4m).

7.2. Our consideration of the control environment

We identified the financial reporting, underwriting, claims and reserving cycles to be the most relevant to the audit and obtained an understanding of the relevant controls related to these cycles.

With the assistance of our IT specialists, we also obtained an understanding of the relevant IT controls within the cycles.

We have completed walkthroughs of management's processes and controls over the key cycles, and as a result of our work have not been able to rely on controls as part of our audit approach.

We have raised our IT and business control findings to management and those charged with governance.

7.3. Our consideration of climate-related risks

As part of our audit, we have considered the impact of climate change on the group's operations and its impact on its financial statements. Whilst management have a sustainability policy in place, and are actively seeking to reduce their emissions, they have not identified any principal risks or uncertainties related to climate change. We obtained an understanding of management's process for reporting and monitoring the impact of climate related risks that are relevant to the Group, by obtaining their climate risk register, and reviewing the minutes of their ESG Working Group.

We performed our own risk assessment of the financial impact of climate risks on the financial statements. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks may impact their valuation.

We have read the disclosures relating to climate risks in the strategic report on page 15 and considered whether they are materially consistent with knowledge obtained from our audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the management fee policies and key drivers for directors' remuneration;
- results of our enquiries of management, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - idetecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - ithe internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including actuarial, tax, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the Valuation of claims IBNR for the P&I Mutual class assumption. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the regulations of the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), data protection, UK Bribery Act and Financial Services and Markets Act 2000 as well as regulations covering the club's branches in Hong Kong (regulated by the Hong Kong Insurance Authority) and subsidiaries in Cyprus (regulated by the Securities and Exchange Commission) and Bermuda (regulated by the Bermuda Monetary Authority).

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of claims IBNR for the P&I Mutual class assumption as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with FCA and PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by Board of Directors on 13 January 2022 to audit the financial statements for the year ending 20 February 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 20 February 2022 to 20 February 2025.

14.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Addis (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

18 June 2025

Consolidated Statement of Comprehensive Income and Retained Earnings for the year ended 20 February 2025

	Note	2025 US$'000	2024 US$'000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned Premiums, Net of Reinsurance:			
Calls & Premiums		**159,763**	142,628
Reinsurance Premiums		**(24,924)**	(25,558)
Net Earned Premium	**6**	**134,839**	117,070
Foreign Exchange Gains		**66**	133
Allocated Investment Return transferred from Non-Technical account		**24,594**	17,240
Claims Incurred, Net of Reinsurance:			
Gross Claims Paid	**7**	**(157,243)**	(146,867)
Reinsurance Recoveries	**8**	**52,589**	37,929
Net Claims Paid		**(104,654)**	(108,938)
Change in Provision for Claims:			
Gross Amount		**29,235**	53,198
Reinsurers' Share		**(39,313)**	(21,232)
Net Change in Provision for Claims		**(10,078)**	31,966
Net Incurred Claims		**(114,732)**	(76,972)
Net Operating Expenses	**10**	**(22,347)**	(20,296)
Balance on Technical Account		**22,420**	37,175
NON-TECHNICAL ACCOUNT			
Balance on Technical Account		**22,420**	37,175
Investment Income	**9**	**18,881**	12,257
Unrealised Gains on Investments		**7,976**	8,784
Unrealised Losses on Investment Property		**(505)**	(2,080)
Investment Expenses		**(1,759)**	(1,721)
Allocation of Investments to Technical Account		**(24,594)**	(17,240)
Net Surplus before Taxation		**22,419**	37,175
Taxation Expense	**11**	**(1,070)**	(867)
Net Surplus after Taxation		**21,349**	36,308
Accumulated Reserves at 20 February 2024		**149,834**	113,526
Accumulated Reserves at 20 February 2025		**171,183**	149,834

There are no other items of comprehensive income other than those included in the Consolidated Statement of Comprehensive Income and Retained Earnings.

The notes on pages 36 to 55 form part of these Financial Statements.

Consolidated Statement of Financial Position as at 20 February 2025

Company number: 10341

	Note	2025 US$'000	2024 US$'000
ASSETS			
Investment Property	15	16,345	16,833
Financial Investments	14	364,900	349,441
Reinsurance Assets	17	181,236	218,471
Provision for unearned Reinsurance premium	17	1,216	1,284
Insurance & Other Receivables	16	18,627	19,106
Cash & Cash Equivalents	20	70,098	57,984
Deferred Acquisition Costs	19	674	830
Prepayments & Accrued Income		8,400	9,085
TOTAL ASSETS		661,496	673,034
RESERVES AND LIABILITIES			
Reserves Attributable to Members			
Income & Expenditure Account		171,183	149,834
TOTAL RESERVES		171,183	149,834
LIABILITIES			
Unearned Premium	17	4,649	5,571
Insurance Liabilities	17	462,613	489,768
Insurance & Other Payables	18	16,202	20,870
Current Taxation		443	705
Accruals & Deferred Income		6,406	6,286
TOTAL LIABILITIES		490,313	523,200
TOTAL LIABILITIES & RESERVES		661,496	673,034

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 18 June 2025.

The notes on pages 36 to 55 form part of these Financial Statements.

James C L Bean
Member of the Board

Iain Paul
Member of the Board

Statement of Financial Position – Parent Company Only as at 20 February 2025

Company number: 10341

	Note	2025 US$'000	2024 US$'000 (Restated)
ASSETS			
Investment in Group Undertakings and Participating Interests	12/24	159,828	153,058
Other Financial Investments	14	12,024	16,436
Reinsurance Assets	17	442,544	472,033
Provision for Unearned Reinsurance Premium	17	3,802	4,583
Insurance & Other Receivables	16	15,795	18,019
Cash & Cash Equivalents	20	53,262	34,607
Deferred Acquisition Costs	19	644	812
Prepayments & Accrued Income		5,724	6,337
TOTAL ASSETS		693,623	705,885
RESERVES			
Reserves Attributable to Members			
Income & Expenditure Account	21	173,675	153,387
TOTAL RESERVES		173,675	153,387
LIABILITIES			
Unearned Premium	17	4,569	5,518
Insurance Liabilities	17	460,573	488,244
Insurance & Other Payables	18	48,809	52,528
Current Taxation		449	711
Accruals & Deferred Income		5,548	5,497
TOTAL LIABILITIES		519,948	552,498
TOTAL LIABILITIES & RESERVES		693,623	705,885

The parent company made a surplus of US$20,288k (2024: surplus of US$1,319k) on ordinary activities after tax for the year ended 20 February 2025. The Association has taken the exemption under Section 408 of the Companies Act from preparing a Parent Company Statement of Comprehensive Income.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 18 June 2025.

The notes on pages 36 to 55 form part of these Financial Statements.

James C L Bean
Member of the Board

Iain Paul
Member of the Board

Consolidated Statement of Cash Flows for the Year Ended 20 February 2025

	2025 US$'000	2024 US$'000
CASH GENERATED FROM OPERATING ACTIVITIES		
Net Income Before Tax	**22,422**	37,175
Adjustments for:		
Changes in Estimated Outstanding Claims (net of reinsurance)	**10,079**	(31,965)
Changes in Unearned Premium (net of reinsurance)	**(854)**	345
Changes in Deferred Acquisition Costs	**156**	(64)
Realised & Unrealised Gains on Investments	**(11,310)**	(6,635)
Unrealised Losses on Investment Property	**505**	2,080
Interest Income	**(3,008)**	(3,347)
Changes in Receivables	**1,164**	4,047
Changes in Payables	**(4,547)**	(5,373)
Foreign Exchange Adjustment	**(83)**	(578)
Cash From Operating Activities	**14,524**	(4,315)
Tax Paid	**(753)**	(323)
Net Cash Inflows/(Outflows) from Operating Activities	**13,771**	(4,638)
Cash Generated from Investing Activities		
Payments to acquire investments	**(350,173)**	(430,115)
Receipts for the sale of investments	**345,834**	385,934
Interest Received	**3,226**	3,394
Net Cash Outflows from Investing Activities	**(1,113)**	(40,787)
Increase/(Decrease) in Cash & Cash Equivalents	**12,658**	(45,425)
Cash & Cash Equivalents at 21 February 2024	**57,985**	103,802
Effects of Foreign Exchange on Cash & Cash Equivalents	**(545)**	(393)
Cash & Cash Equivalents at 20 February 2025	**70,098**	57,984

The notes on pages 36 to 55 form part of these Financial Statements.

Notes to the Financial Statements

NOTE 1: General Information

The London Steam-Ship Owners' Mutual Insurance Association Limited (the Association) is a non-profit making Mutual Company incorporated and registered in England and Wales. It is limited by guarantee, has no share capital and is controlled by the Members who are also insured policy holders. The address of its registered office is stated on page 4.

The Association's principal activities were the provision of Protecting & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks Insurance on a Mutual basis to its ship-owner Members. The Association also provided P&I and FD&D insurance on a Fixed Premium basis for charterers and for the owners of smaller ships.

NOTE 2: Accounting Policies

The principal accounting policies adopted in the preparation of these Financial Statements are summarised below. These policies have been applied consistently throughout the year and in the preceding year.

2.1 FINANCIAL REPORTING FRAMEWORK

2.1.1 BASIS OF PREPARATION

The Group and individual financial statements of the Association have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), Financial Reporting Standard 103, "Insurance Contracts" (FRS 103) and the Companies Act 2006. The Financial Statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value.

The Financial Statements have been presented in United States Dollars (US$) which is also the Association's functional currency and have been rounded to the nearest US$'000.

The Association is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and Retained Earnings and the related notes that would have formed part of the Financial Statements.

As a qualifying entity under FRS 102, the Parent company is exempt from the requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).

2.1.2 BASIS OF CONSOLIDATION

Subsidiaries are all entities where the Association is exposed or has rights to variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Association and de-consolidated from the date on which control ceases.

Intra-group transactions, balances and gains and losses on intra-group transactions are eliminated upon consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Association.

The Association accounts for its investment in Hydra Insurance Company Limited (Hydra) as a special purpose entity as defined in Section 9, paragraph 9.10 of FRS 102. The Association's investment in Hydra is fully consolidated in the Group financial statements in accordance with the requirements of Section 9, paragraph 9.11 of FRS 102. Hydra is registered in Bermuda as a segregated accounts Company under the Segregated Accounts Companies Act 2000, and reinsures International Group Clubs for a proportion of the Pooled risk not covered by the International Group Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, contributed surplus and premium income from the "owning" Club, although the cells are not in themselves separate legal entities. The liabilities of each segregated cell are several and not joint; the assets of each cell may only be used to satisfy the liabilities of that cell and/or the "owning" Club.

2.1.3 GOING CONCERN

The Financial Statements have been prepared on a going concern basis. As set out more fully in the Directors' Report on page 22, the Board of Directors has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date when these financial statements were approved and signed.

2.2 UNDERWRITING ACTIVITIES

2.2.1 CALLS & PREMIUMS

Calls and premiums are recognised gross of acquisition costs and net of Return Premiums and Bad and Doubtful Debts for contracts incepted during the accounting period as well as adjustments made in the year to Calls and premiums on contracts incepted in prior accounting periods. Calls and premiums are earned as revenue on a time apportioned basis over the period of cover provided. Unearned Calls and premiums at the Statement of Financial Position date, calculated on a time apportioned basis, are deferred and included as an unearned premium liability in the Statement of Financial Position.

The Directors retain the power to levy Supplementary Calls or give discounts on Mutual Calls on open policy years.

2.2.2 REINSURANCE PREMIUMS

Reinsurance premiums, less returns, together with a provision for any future costs of existing reinsurance contracts are recognised for contracts incepted during the accounting period as well as adjustments made in the year to premiums on contracts relating to prior accounting periods. Unearned reinsurance premiums represent the unexpired proportion of reinsurance premiums written in the accounting period that relate to unexpired terms of contracts in force at the Statement of Financial Position date, generally calculated on a time and volume apportioned basis. Unearned reinsurance premiums at the Statement of Financial Position date are deferred and included as an unearned reinsurance premium asset in the Statement of Financial Position.

2.2.3 CLAIMS & RELATED EXPENSES

Claims and related expenses are included in the consolidated Statement of Comprehensive Income and Retained Earnings on an incurred basis, and include an estimate of claims 'incurred but not reported' (IBNR), based on past experience. Variances in claims estimates are included in the consolidated Statement of Comprehensive Income and Retained Earnings in the period in which they arise. The technical provision for claims outstanding includes an element of claims IBNR, based on calculations by a qualified actuary. Included in claims and related expenses is the Association's share of other Clubs' Pool claims paid plus outstanding estimates.

2.2.4 POOLING OBLIGATIONS

The Association and The London P&I Insurance Company (Europe) Limited are together treated as Linked Associations by the International Group Pooling Agreement, with the Association being treated as the Principal Linked Association. Linked Associations are treated as one Association for all purposes under the Agreement. The Agreement holds the Association jointly and severally liable with The London P&I Insurance Company (Europe) Limited for the latter's Pooling obligations to other Clubs. The Agreement does not hold The London P&I Insurance Company (Europe) Limited liable for the Association's Pooling obligations. Consistent with this contractual position, the Association recognises in full the Group's Pooling obligations to other Clubs. No liability for Pooling obligations is recognised by The London P&I Insurance Company (Europe) Limited.

2.2.5 REINSURANCE RECOVERIES

Reinsurance Recoveries are accrued to match relevant claims and include estimated recoveries on estimated outstanding claims.

2.2.6 CLAIMS HANDLING COSTS

Claims incurred include the management cost of claims handling. Other management costs have been allocated to acquisition costs and administrative expenses.

2.2.7 TECHNICAL PROVISIONS

The provision for claims outstanding in the Financial Statements comprises the Directors' estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims IBNR. The provision also includes an allowance for claims handling costs, reflecting the estimated proportion of future people costs which will be incurred directly in the handling of claims incurred prior to the Statement of Financial Position date.

The Association reserves individual reported claims within its retention on a 'reasonable likely outcome' basis, except in circumstances where there is insufficient information available to make a meaningful estimate. In such cases, a statistically derived reserve is applied, which is based on the development of similar notifications made in earlier years.

The IBNR provisions for claims are determined by the Directors based on standard actuarial projection techniques and stochastic modelling, using historical information on claims developments, adjusted for inflation and other variables such as the number of ships entered with the Association, to project the likely ultimate cost of claims over a range of confidence levels. The principal assumption underlying this approach is that past experience is a reliable basis for projecting the ultimate cost of claims in more recent years. Confidence levels upon which IBNR provisions are based reflect the Directors' conservative approach to claims reserving in the Financial Statements.

When determining the appropriate level of IBNR provision for occupational disease claims, the Directors additionally take into consideration the findings from the most recently available review of reserves for this category of claims. An updated review of the occupational disease claims to estimate the ultimate cost and the appropriate level of IBNR was performed in the 2024/25 financial year, with no material changes to the underlying methodology.

Provisions in respect of the Association's share of other Clubs' Pool claims are based on information and data supplied by the other parties to the Pooling Agreement, to which Directors apply similar actuarial techniques and models to those described above.

Provisions for all claims are based on information available at the Statement of Financial Position date. Significant delays are experienced in the notification of certain claims, sometimes of many years' duration, and accordingly, the ultimate cost of claims cannot be known with certainty at the Statement of Financial Position date. This is particularly the case in regard to the Association's exposure to occupational disease claims. Although the Directors take a conservative approach to setting the overall level of claims provisions, it is possible that subsequent information and events may result in the ultimate liability being greater than the amount provided. Any such differences between claims provisions and subsequent settlements are dealt with in the technical account – general business in later years.

Claims provisions are recognised gross of any Reinsurance Recoveries. The Reinsurers' Share of Claims Outstanding is derived from an estimation of the amounts that will be recoverable from reinsurers based on the gross claims provisions and the structure of the Association's reinsurance programme, and having due regard to the possibility of default by the reinsurers.

2.2.8 ACQUISITION COSTS
Acquisition costs represent commission and brokerage arising from Calls & premiums written during the year. They are capitalised and amortised over the life of the policy to which they relate on a basis consistent with the earnings pattern of that policy.

2.3 OTHER ACCOUNTING POLICIES

2.3.1 INVESTMENT INCOME
Account is taken of accrued interest on fixed interest securities and deposits; dividends are credited when receivable. Variances in unrealised gains and losses are included in the Consolidated Statement of Comprehensive Income and Retained Earnings in the period in which they arise.

2.3.2 OPERATING EXPENSES
Account is taken of accruals and prepayments in arriving at operating expenses.

2.3.3 FOREIGN EXCHANGE
The Association uses the US dollar (US$) as its currency of presentation and functional currency. Monetary assets and liabilities denominated in other currencies are translated into US$ at the rates ruling at the Statement of Financial Position date. Revenue transactions are translated at the actual rate applying at the date of transaction or, where this is not practicable, the average rate for the year. Exchange rate differences are recognised in the Statement of Comprehensive Income and Retained Earnings.

2.3.4 FINANCIAL INVESTMENTS
Financial Investments are shown at current market value at the Statement of Financial Position date. Listed Investments are stated at market value.

2.3.5 INVESTMENTS IN GROUP UNDERTAKINGS & PARTICIPATING INTERESTS
Investments in Group Undertakings and Participating Interests in the Association's Statement of Financial Position are stated at current realisable value. This accounting policy was agreed by the Board during the current financial year; in prior years investments in Group Undertakings and Participating Interests had been stated at cost less impairment. The prior year comparatives in these Financial Statements have been restated to state investments in Group Undertakings and Participating Interests at current realisable value at 20 February 2024.

2.3.6 TAXATION
The Association is assessed for UK Corporation Tax on Investment Income and any Realised and Unrealised Investment Gains less Losses in the year. Its Underwriting Operations are not taxable. The London Steam-Ship Owner's Mutual Insurance Association (Bermuda) Limited is assessed for Income Tax in the UK on Rental income received and may incur irrecoverable Withholding Tax deductions on Income from certain Investment Holdings. The London P&I Insurance Company (Europe) Limited is subject to corporation tax in Cyprus on taxable profits at the rate of 12.5%.

2.3.7 RECOGNITION & DERECOGNITION OF FINANCIAL ASSETS & LIABILITIES
Financial Assets and Financial Liabilities are recognised when the Association becomes a party to the contractual provisions of the contract.

Financial assets other than Financial Investments and investments in Group Undertakings and Participating Interests are initially recognised at transaction price and are subsequently measured at amortised costs using the effective interest method.

Financial investments are carried at fair value through profit or loss. They are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement.

A Financial Asset is derecognised when either the contractual rights to the asset's cash flows expire or are settled, or the asset is transferred and the transfer qualifies for derecognition under a combination of risks and rewards and control tests.

Financial Liabilities are initially recognised at transaction price and subsequently measured at amortised costs using the effective interest method.

A Financial Liability is derecognised when it is extinguished which is when the obligation in the contract is discharged, cancelled or expired.

2.3.8 IMPAIRMENT
If the carrying value of an asset is impaired, it is reduced to the recoverable amount by an immediate charge to the Statement of Comprehensive Income and Retained Earnings. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.3.9 INVESTMENT PROPERTY
The Investment Property is recorded in the Statement of Financial Position as outlined at Note 15 and is measured at fair value and any changes in fair value are recognised in the Statement of Comprehensive income and Retained Earnings. No depreciation or amortisation is provided in respect of the property.

2.3.10 CASH AND CASH EQUIVALENTS
Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition.

NOTE 3: Critical Accounting Judgements and Estimation Uncertainty

The Association makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 THE ULTIMATE LIABILITY ARISING FROM CLAIMS MADE UNDER INSURANCE CONTRACTS
The estimation of the ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Association uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments.

The technical provisions at the year-end are disclosed in Note 17.

3.2 INVESTMENTS IN ASSOCIATES
A. Bilbrough & Co. Limited carries out day to day operations for the Association under a Management Services Agreement. That agreement confers some rights to the Association over the financing and operating decisions of A. Bilbrough & Co. Limited. In addition to being a related party, the Board has applied judgement in assessing if A. Bilbrough & Co. Limited represents either an investment in an associate as defined in Section 14 of FRS 102 or a subsidiary undertaking as defined in Section 1162 of the Companies Act 2006.

FRS 102 defines an associate as an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control. FRS 102 Section 14.3 states that if the investor holds, directly or indirectly, less than 20% of the voting power of the associate, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The Association holds none of the voting power of A. Bilbrough & Co. Limited. Nevertheless, in the Board's judgement, the Association does have significant influence over A. Bilbrough & Co. limited. The Board identified the following factor as key in reaching this judgement:

- The Management Services Agreement provides that A. Bilbrough & Co. Limited shall submit for approval to the Association the anticipated expenditure budget for each year and consult with the Association over any material and unanticipated items of A. Bilbrough & Co. Limited expenditure that may arise.

The Companies Act states that an undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if:

- It holds a majority of the voting rights in the undertaking, or
- It is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or
- It has the right to exercise a dominant influence over the undertaking, or has actually exercised dominant influence, or
- It is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.

The Board recognises that due to the operating structure of the Association, there is judgment as to whether the Association can exert dominant influence over A. Bilbrough & Co. Limited.

Whilst the rights to approve the expenditure for the year is significant in the assessment, the Board considers it is not inconsistent with the commercial relationship between the Association and A. Bilbrough & Co. Limited as its sole customer. In the Board's judgement, the Association does not actually exercise a dominant influence over A. Bilbrough & Co. Limited but does have significant influence. A. Bilbrough & Co. Limited is therefore an associate.

NOTE 4: Principal Risks & Uncertainties

The Association has a robust Enterprise Risk Management Framework in place to manage risk. The identification and assessment of risks, together with the implementation of effective mitigating and monitoring controls, is fundamental in maintaining a well governed organisation.

Within the Association's governance structure the Association's Board has delegated more detailed oversight of risk management to the following Committees/Boards:

1. The Audit Committee
2. The Risk Committee
3. The Reinsurance Sub-Committee
4. The Boards/Committees of its regulated insurance company subsidiaries

Each Committee has formal Terms of Reference which dovetail to provide the Association with a comprehensive risk function.

The principal areas of risk relevant to the Association's operations which is also applicable to the Parent Company's operations, and management of these risks, are described below.

4.1 INSURANCE RISK

Insurance risk comprises underwriting risk and reserving risk.

UNDERWRITING RISK

Underwriting risk is the risk that Calls and Gross Premiums will not be sufficient to cover losses and associated administrative expenses. This risk is managed and mitigated by writing a book of business diversified by geography, ship size and ship type, with documented underwriting guidelines and risk appetite tolerances in place to ensure only acceptable risks are entered with the Association. The risk function regularly reviews and analyses the portfolio of business on risk during the year, including portfolio composition by ship type, ship age and place of management.

The purchase of appropriate reinsurance is central to the management of underwriting risk on a net basis in line with the Association's capital management plan. The Association is a member of the International Group of P&I Clubs which operates a pooling system for the sharing of claims costs on an excess of loss basis, and further purchases commercial market reinsurance on a collective basis for all Clubs. The Association purchases additional reinsurance for its exposure to claims below the attachment point of the International Group Pool and for exposure to non-poolable risks.

RESERVING RISK

Reserving risk is the risk that technical provisions set in respect of claims incurred but not settled are ultimately insufficient to cover future settlements and associated claims handling expenses. In common with all marine liability insurers there remains uncertainty with regards to the eventual cost of claims incurred but not settled at each year end date. Sources of uncertainty include changes in the economic climate, national and international liability regimes, commodity prices and currency fluctuations amongst many others. The Association's processes and procedures for valuing technical provisions reflect the fact that this represents a high risk area for the Association. An outline of these processes and procedures is included in Note 2.

The Association incorporates a risk margin within its technical provisions in excess of the best estimate projected future cost in order to reduce the probability that the valuation is insufficient to cover future settlements and associated claims handling costs. It is to be expected that actual experience will differ from the valuation of technical provisions at the year-end date, and there remains a residual risk that the eventual outcome will exceed the valuation.

Uncertainty as to the incidence of claims, and their ultimate cost, is the principal risk variable in respect of insurance risk. The impact on the reported operating result before tax, and year-end free reserves, of a 5% change in loss ratio, with all other inputs unchanged, is shown below. Changes in loss ratio are assumed to be driven by movement in claims incurred.

Consolidated	**2025 US$'000**	2024 US$'000
INCREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**(7,988)**	(7,131)
Net	**(6,742)**	(5,853)
DECREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**7,988**	7,131
Net	**6,742**	5,853

Parent	**2025 US$'000**	2024 US$'000
INCREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**(1,546)**	(1,353)
Net	**(1,345)**	(1,151)
DECREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**1,546**	1,353
Net	**1,345**	1,151

4.2 LIQUIDITY RISK

This is the risk the Association may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The predominant liquidity risk the Association faces is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Association's approach is to maintain a significant holding of liquid assets, either in cash or in liquid assets that can be translated into cash at short notice and at low risk of suffering any material capital loss. Cash flow projections are reviewed and updated regularly to ensure the most efficient use of cash resources.

The table below represents the monetary values of assets and liabilities into relevant maturing groups based on the date a contract will mature.

Consolidated

Assets at 20 February 2025	**SOFP US$'000**	**Up to 1 year US$'000**	**1-3 Years US$'000**	**3-5 Years US$'000**	**5+ Years US$'000**	**Total US$'000**
Cash & Investments	**434,997**	**183,883**	**180,333**	**50,554**	**20,227**	**434,997**
Receivables	**18,627**	**18,627**	**-**	**-**	**-**	**18,627**
Reinsurance Assets	**181,236**	**76,613**	**75,133**	**21,063**	**8,427**	**181,236**
Unearned Reinsurance Premium	**1,217**	**1,217**	**-**	**-**	**-**	**1,217**
Deferred Acquisition Costs	**675**	**675**	**-**	**-**	**-**	**675**
Prepayments & Accrued Income	**8,400**	**8,400**	**-**	**-**	**-**	**8,400**
Total Financial Assets	**645,151**	**289,414**	**255,466**	**71,617**	**28,654**	**645,151**

Liabilities at 20 February 2025	**SOFP US$'000**	**Up to 1 year US$'000**	**1-3 Years US$'000**	**3-5 Years US$'000**	**5+ Years US$'000**	**Total US$'000**
Insurance Liabilities	**462,612**	**179,694**	**176,081**	**59,528**	**47,309**	**462,612**
Unearned Premium	**4,649**	**4,649**	**-**	**-**	**-**	**4,649**
Payables	**16,203**	**16,203**	**-**	**-**	**-**	**16,203**
Taxation	**443**	**443**	**-**	**-**	**-**	**443**
Accruals & Deferred Income	**6,407**	**6,407**	**-**	**-**	**-**	**6,407**
Total Financial Liabilities	**490,314**	**207,396**	**176,081**	**59,528**	**47,309**	**490,314**

Assets at 20 February 2024	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	407,425	89,211	88,786	62,695	166,733	407,425
Receivables	19,106	19,106	-	-	-	19,106
Reinsurance Assets	218,471	52,789	79,283	35,769	50,630	218,471
Unearned Reinsurance Premium	1,284	1,284	-	-	-	1,284
Deferred Acquisition Costs	830	830	-	-	-	830
Prepayments & Accrued Income	9,085	9,085	-	-	-	9,085
Total Financial Assets	656,201	172,305	168,069	98,464	217,363	656,201

Liabilities at 20 February 2024	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Insurance Liabilities	489,768	161,940	178,870	67,349	81,609	489,768
Unearned Premium	5,571	5,571	-	-	-	5,571
Payables	20,870	20,870	-	-	-	20,870
Taxation	705	705	-	-	-	705
Accruals & Deferred Income	6,286	6,286	-	-	-	6,286
Total Financial Liabilities	523,200	195,372	178,870	67,349	81,609	523,200

Parent

Assets at 20 February 2025	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	65,286	25,804	25,137	8,388	5,957	65,286
Receivables	15,794	15,794	-	-	-	15,794
Reinsurance Assets	442,544	174,913	170,393	56,860	40,378	442,544
Unearned Reinsurance Premium	3,802	3,802	-	-	-	3,802
Deferred Acquisition Costs	644	644	-	-	-	644
Prepayments & Accrued Income	5,724	5,724	-	-	-	5,724
Total Financial Assets	533,795	226,681	195,530	65,248	46,336	533,795

Liabilities at 20 February 2025	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Insurance Liabilities	460,572	178,984	174,974	59,356	47,258	460,572
Unearned Premium	4,569	4,569	-	-	-	4,569
Payables	48,809	48,809	-	-	-	48,809
Taxation	449	449	-	-	-	449
Accruals & Deferred Income	5,548	5,548	-	-	-	5,548
Total Financial Liabilities	519,948	238,360	174,974	59,356	47,258	519,948

Assets at 20 February 2024	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	51,063	51,043	-	-	20	51,063
Receivables	18,019	18,019	-	-	-	18,019
Reinsurance Assets	472,033	152,784	172,286	65,871	81,092	472,033
Unearned Reinsurance Premium	4,583	4,583	-	-	-	4,583
Deferred Acquisition Costs	812	812	-	-	-	812
Prepayments & Accrued Income	6,337	6,337	-	-	-	6,337
Total Financial Assets	552,847	233,578	172,286	65,871	81,112	552,847

Liabilities at 20 February 2024	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Insurance Liabilities	488,244	161,437	178,314	67,139	81,354	488,244
Unearned Premium	5,518	5,518	-	-	-	5,518
Payables	52,528	52,528	-	-	-	52,528
Taxation	711	711	-	-	-	711
Accruals & Deferred Income	5 497	5,497	-	-	-	5,497
Total Financial Liabilities	552,498	225,691	178,314	67,139	81,354	552,498

4.3 MARKET RISK

Market risk is the risk of an adverse financial impact arising from fluctuations in the value of, or income from, its assets and liabilities. The principal sources of market risk are interest rate risk, equity price risk and foreign currency risk.

INTEREST RATE RISK

The capital values of fixed interest securities, which represent a significant proportion of the Association's invested assets, and interest rates have an inverse relationship. When interest rates rise, capital values will fall to adjust the fixed coupon in line with yields available elsewhere in the market. Furthermore, the longer a security's duration, the more price sensitive it will be to changes in interest rates.

The Association's Investment Policy Statement addresses interest rate risk by actively managing the average duration of each of the Association's fixed interest portfolios.

The Association does not consider its technical provisions to be directly sensitive to interest rate risk, however the average duration of its fixed interest holdings and its technical provisions is broadly matched.

It is estimated that the value of the Association's fixed interest securities would change in value by the following amounts if market interest rates increased or decreased by 100 basis points at the year-end date. This sensitivity analysis is limited to interest rate sensitive asset holdings as the mitigating effect of matching liability valuation changes is not considered to be significant.

	2025 US$'000	2024 US$'000
Increase of 100 Basis Points	(12,059)	(12,014)
Decrease of 100 Basis Points	12,108	12,072

EQUITY PRICE RISK

Equity price risk is the risk of an adverse movement in the valuation of the Association's equity holdings. The Association's Investment Policy Statement addresses equity price risk by actively managing the maximum proportion of the overall portfolio that can be allocated to this asset class and by imposing investment guidelines limiting the level of concentration in a single stock or industry sector.

A 10 per cent decrease in the value of equity securities held at the year-end date would have decreased accumulated reserves at that date by US$5,728k (2024: US$4,114k).

FOREIGN CURRENCY RISK

A significant majority of the Association's liabilities are denominated in its functional currency of US$. It does, however, incur liabilities in a range of other currencies, the two most significant being Sterling and Euro. The Association's assets are predominantly invested in US$ denominated securities to ensure there is a matching of assets and liabilities in respect of the dominant currency of operation.

The profile of the Association's assets and liabilities, categorised by settlement currency, at their translated carrying amount, is set out below. Certain amounts, either due to their nature, notably reinsurer's share of outstanding claims, or the existence of forward contracts, may depend on a different underlying currency.

Consolidated

As at 20 February 2025	**US$ US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	**604,479**	**26,708**	**28,461**	**1,848**	**661,496**
Total Liabilities	**424,817**	**18,785**	**34,174**	**12,539**	**490,314**
Net Asset Position	**179,662**	**7,923**	**(5,712)**	**(10,691)**	**171,183**

As at 20 February 2024	US$ US$'000	GBP US$'000	EUR US$'000	Other US$'000	Total US$'000
Total Assets	631,623	26,182	13,477	1,752	673,034
Total Liabilities	472,377	19,918	17,646	13,259	523,200
Net Asset Position	159,246	6,264	(4,169)	(11,507)	149,834

Parent

As at 20 February 2025	**US$ US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	**632,336**	**18,990**	**30,864**	**11,433**	**693,623**
Total Liabilities	**455,490**	**18,516**	**33,411**	**12,531**	**519,948**
Net Asset Position	**176,846**	**474**	**(2,547)**	**(1,098)**	**173,675**

As at 20 February 2024	US$ US$'000	GBP US$'000	EUR US$'000	Other US$'000	Total US$'000
Total Assets	590,471	19,223	15,526	12,396	637,616
Total Liabilities	502,510	19,814	16,932	13,242	552,498
Net Asset Position	87,961	(591)	(1,406)	(846)	85,118

A 5 per cent change of the following currencies against the US dollar would be estimated to have increased/ (decreased) the surplus before taxation and net assets at the year-end by the following amounts:

	Consolidated		**Parent**	
	20 February 2025 US$'000	20 February 2024 US$'000	**20 February 2025 US$'000**	20 February 2024 US$'000
Strengthening				
Sterling	**396**	313	**24**	(30)
Euro	**(286)**	(208)	**(127)**	(70)
Weakening				
Sterling	**(396)**	(313)	**(24)**	30
Euro	**286**	208	**127**	70

4.4 CREDIT RISK

Credit risk is the risk that the Association will suffer a loss due to the failure of a counterparty to perform its contractual obligations. The primary sources of credit risk for the Association are:

1. Amounts due from reinsurers
2. Amounts due from Members and assureds
3. Counterparty risk with respect to investments and cash deposits

Reinsurance default risk is managed by regular monitoring of current and prospective reinsurance counterparties and by having in place guidelines in respect of acceptable credit ratings and concentration limits.

Default risk in respect of Members and assureds is managed through the careful selection of new entrants and a cycle of regular monitoring of existing Members and assureds. The Association's management has in place processes and procedures for the regular monitoring of overdue receivable amounts, including escalation procedures leading ultimately to termination of cover in the event that amounts due are not settled in an appropriately timely manner.

Consolidated

As at 20 February 2025	**SOFP US$'000**	**AAA US$'000**	**AA US$'000**	**A US$'000**	**BBB US$'000**	**Other US$'000**	**Total US$'000**
Reinsurance Assets	**181,236**	**-**	**36,773**	**119,320**	**24,710**	**433**	**181,236**
Unearned Reinsurance Premium	**1,217**	**-**	**1,192**	**-**	**-**	**25**	**1,217**
Receivables	**18,627**	**-**	**2,124**	**3,029**	**706**	**12,768**	**18,627**
Deferred Acquisition Costs	**675**	**-**	**-**	**-**	**-**	**675**	**675**
Prepayments & Accrued Income	**8,400**	**-**	**1,141**	**179**	**515**	**6,566**	**8,400**
Total	**210,155**	**-**	**41,229**	**122,527**	**25,931**	**20,467**	**210,155**

As at 20 February 2024	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Reinsurance Assets	218,471	-	34,958	152,054	31,437	22	218,471
Unearned Reinsurance Premium	1,284	-	-	1,284	-	-	1,284
Receivables	19,106	-	265	6,704	234	11,903	19,106
Deferred Acquisition Costs	830	-	-	-	-	830	830
Prepayments & Accrued Income	9,085	-	926	178	517	7,464	9,085
Total	248,776	-	36,149	160,220	32,188	20,219	248,776

Parent

As at 20 February 2025	**SOFP US$'000**	**AAA US$'000**	**AA US$'000**	**A US$'000**	**BBB US$'000**	**Other US$'000**	**Total US$'000**
Reinsurance Assets	**442,544**	**-**	**36,773**	**119,044**	**24,710**	**262,017**	**442,544**
Unearned Reinsurance Premium	**3,802**	**-**	**1,192**	**-**	**-**	**2,610**	**3,802**
Receivables	**15,794**	**-**	**376**	**2,859**	**671**	**11,889**	**15,794**
Deferred Acquisition Costs	**644**	**-**	**-**	**-**	**-**	**644**	**644**
Prepayments & Accrued Income	**5,724**	**-**	**-**	**-**	**-**	**5,724**	**5,724**
Total	**468,508**	**-**	**38,341**	**121,903**	**25,381**	**282,884**	**468,508**

As at 20 February 2024	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Reinsurance Assets	472,033	-	34,958	151,780	31,437	253,858	472,033
Unearned Reinsurance Premium	4,583	-	-	1,275	-	3,308	4,583
Receivables	18,019	-	-	6,462	-	11,557	18,019
Deferred Acquisition Costs	812	-	-	-	-	812	812
Prepayments & Accrued Income	6,337	-	-	-	-	6,337	6,337
Total	501,784	-	34,958	159,517	31,437	275,872	501,784

With the exception of the amounts arising from Insurance Operations within receivables, there were no financial assets that were past due. The amounts past due for amounts arising from Insurance Operations are disclosed in Note 16.

The Association's fixed interest securities expose the Association to the risk of default in addition to the interest rate sensitivity risk explained above. Investment related credit risk is managed by the appointment of specialist fixed income managers to invest these funds on behalf of the Association, in accordance with set investment guidelines which ensure the level of risk does not exceed the Association's risk appetite and available capital. Minimum credit criteria are maintained for all bank counterparties with ratings dependent maximum exposure limits.

Consolidated

As at 20 February 2025	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	**434,997**	**65,317**	**155,252**	**89,685**	**47,124**	**77,619**	**434,997**

As at 20 February 2024	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	407,425	72,417	136,345	87,644	48,214	62,805	407,425

Parent

As at 20 February 2025	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	**64,951**	**-**	**4,326**	**60,625**	**-**	**-**	**64,951**

As at 20 February 2024	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	51,043	-	-	51,043	-	-	51,043

4.5 CAPITAL MANAGEMENT

At 20 February 2025, the Association's capital position comprised its reserve attributable to Members of US$171.2m (2024: US$149.8m). In addition, the Association was granted approval to take an amount of US$50.0m ancillary own funds into account when determining its own funds for regulatory solvency purposes at 20 February 2025 (2024: US$50.0m), although this is not recognised as capital in the Consolidated Statement of Financial Position forming part of these financial statements. (Regulatory capital figures are unaudited)

The Association is subject to the EU's Solvency II regulatory regime which imposes capital requirements in the form of a Solvency Capital Requirement (SCR) and a Minimum Capital Requirement (MCR). The SCR is calibrated to ensure that all quantifiable risks to which the Association is exposed are taken into account and corresponds to the Value-at-Risk of capital subject to a confidence level of 99.5% over a one-year period. The Association has agreed with the Prudential Regulation Authority a capital add-on of US$2.8m, effective from 23 April 2024, as part of its group level SCR for the remote risk the Association is exposed to through its management agreement contract and relationship with its independent management company, and its pension deficit. The MCR sets a capital requirement significantly lower than the SCR and corresponds to an amount of capital below which policy holders are exposed to an unacceptable level of risk.

The Solvency II regime provides specific rules for the valuation of assets and liabilities, including technical provisions, which differ in some respects from UK GAAP. Furthermore, Solvency II rules for the determination, classification and eligibility of own funds limit the comparability of the Association's accumulated reserves measured under UK GAAP with its own funds eligible to meet its SCR and MCR. The Association's capital management objectives and processes are designed to align with Solvency II rules on the calibration of financial risks and measurement of own funds available to meet these financial risks. Information on objectives for managing capital in line with financial risks as measured on a Solvency II consistent basis is provided in Section 5 of the Association's Solvency & Financial Condition Report available on its website.

The Association complied with its SCR and MCR throughout the period under review. (Unaudited)

NOTE 5: Segmental Analysis by Class

The segmental results of the classes of the Association are set out as follows:

5.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 20 February 2025	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
Technical Account – General Business				
Net Earned Premium	**134,839**	**121,194**	**1,569**	**12,076**
Foreign Exchange Gains	**66**	**94**	**(7)**	**(21)**
Allocated Investment Return transferred from Non-Technical account	**24,594**	**23,486**	**-**	**1,108**
Net Incurred Claims	**(114,732)**	**(107,386)**	**-**	**(7,346)**
Net Operating Expenses	**(22,347)**	**(19,026)**	**(833)**	**(2,488)**
Balance Carried to Non-Technical Account	**22,420**	**18,362**	**729**	**3,329**
Non-Technical Account				
Balance Transferred from Technical Account	**22,420**	**18,362**	**729**	**3,329**
Investment Income	**18,881**	**17,928**	**-**	**953**
Unrealised Gains on Investments	**7,976**	**7,686**	**-**	**290**
Unrealised (Losses) on Investment Property	**(505)**	**(475)**	**-**	**(30)**
Investment Expenses	**(1,759)**	**(1,654)**	**-**	**(105)**
Allocation of Investments to Technical Account	**(24,594)**	**(23,486)**	**-**	**(1,108)**
Net Surplus before Taxation	**22,419**	**18,362**	**729**	**3,329**
Taxation Expense	**(1,070)**	**(1,049)**	**-**	**(21)**
Net Surplus after Taxation	**21,349**	**17,313**	**729**	**3,308**
Accumulated Reserves at 20 February 2024	**149,834**	**132,140**	**6,156**	**11,538**
Accumulated Reserves at 20 February 2025	**171,183**	**149,453**	**6,883**	**14,845**

For the year ended 20 February 2024	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
Technical Account – General Business				
Net Earned Premium	117,070	105,360	1,294	10,416
Foreign Exchange (Losses)	133	122	4	7
Allocated Investment Return transferred from Non-Technical account	17,240	16,562	-	678
Net Incurred Claims	(76,972)	(70,018)	-	(6,954)
Net Operating Expenses	(20,296)	(17,076)	(603)	(2,617)
Balance Carried to Non-Technical Account	37,175	34,950	695	1,530
Non- Technical Account				
Balance Transferred from Technical Account	37,175	34,950	695	1,530
Investment Income	12,257	11,702	-	555
Unrealised (Losses) on Investments	8,784	8,434	-	350
Unrealised (Losses) on Investment Property	(2,080)	(1,955)	-	(125)
Investment Expenses	(1,721)	(1,619)	-	(102)
Allocation of Investments to Technical Account	(17,240)	(16,562)	-	(678)
Net (Deficit)/Surplus before Taxation	37,175	34,950	695	1,530
Taxation Expense	(867)	(858)	-	(9)
Net (Deficit)/Surplus after Taxation	36,308	34,092	695	1,521
Accumulated Reserves at 20 February 2023	113,526	98,048	5,461	10,017
Accumulated Reserves at 20 February 2024	149,834	132,140	6,156	11,538

5.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 20 February 2025	**Total US$'000**	**Class 5 P&I US$'000**	**Class 7 War Risk US$'000**	**Class 8 FD&D US$'000**
ASSETS				
Investment Property	**16,345**	**15,364**	**-**	**981**
Financial Investments	**364,899**	**343,518**	**2,952**	**18,429**
Reinsurance Assets	**181,236**	**177,526**	**-**	**3,710**
Unearned Reinsurance Premium	**1,217**	**1,212**	**-**	**5**
Insurance & Other Receivables	**18,627**	**16,308**	**474**	**1,845**
Cash & Cash Equivalents	**70,098**	**59,340**	**2,987**	**7,771**
Deferred Acquisition Costs	**675**	**629**	**-**	**46**
Prepayments & Accrued Income	**8,400**	**5,525**	**1,374**	**1,501**
TOTAL ASSETS	**661,496**	**619,423**	**7,787**	**34,287**
RESERVES				
Income & Expenditure Account	**171,183**	**149,453**	**6,883**	**14,845**
LIABILITIES				
Unearned Premium	**4,649**	**4,336**	**-**	**313**
Insurance Liabilities	**462,612**	**446,368**	**-**	**16,245**
Insurance & Other Payables	**16,203**	**14,291**	**161**	**1,751**
Current Taxation	**443**	**443**	**-**	**-**
Accruals & Deferred Income	**6,407**	**4,532**	**1,312**	**743**
TOTAL LIABILITIES	**490,314**	**469,969**	**903**	**19,442**
TOTAL LIABILITIES & RESERVES	**661,496**	**619,423**	**7,787**	**34,287**

As at 20 February 2024	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
ASSETS				
Investment Property	16,833	15,823	-	1,010
Financial Investments	349,441	329,758	2,952	16,731
Reinsurance Assets	218,471	213,459	-	5,012
Unearned Reinsurance Premium	1,284	1,284	-	-
Insurance & Other Receivables	19,106	16,635	284	2,187
Cash & Cash Equivalents	57,984	48,864	2,719	6,401
Deferred Acquisition Costs	830	739	-	91
Prepayments & Accrued Income	9,085	5,793	1,585	1,707
TOTAL ASSETS	673,034	632,355	7,540	33,139
RESERVES				
Income & Expenditure Account	149,834	132,140	6,156	11,538
LIABILITIES				
Unearned Premium	5,571	4,905	-	666
Insurance Liabilities	489,768	471,578	-	18,190
Insurance & Other Payables	20,870	18,995	73	1,802
Current Taxation	705	705	-	-
Accruals & Deferred Income	6,286	4,032	1,311	943
TOTAL LIABILITIES	523,200	500,215	1,384	21,601
TOTAL LIABILITIES & RESERVES	673,034	632,355	7,540	33,139

NOTE 6: Net Earned Premium

	2025 US$'000	2024 US$'000
Gross Calls & Premiums Written during the Year	**158,841**	142,844
Reinsurance Premiums paid during the Year:		
Group Excess of Loss	**(12,126)**	(11,144)
Other Reinsurance Premiums	**(12,731)**	(14,286)
Net Written Premium	**133,984**	117,414
Change in Provision for Unearned Premiums	**922**	(217)
Change in Provision for Unearned Reinsurance Premium	**(67)**	(128)
Net Earned Premium	**134,839**	117,070

NOTE 7: Gross Claims Paid

	2025 US$'000	2024 US$'000
Gross Payment of Association's Own Claims	**140,471**	130,298
Association's Share of Other Clubs' Pool Claims	**16,772**	16,569
Gross Claims Paid	**157,243**	146,867

NOTE 8: Reinsurance Recoveries

	2025 US$'000	2024 US$'000
Association's Claims under Pooling Agreement	**34,203**	27,218
Recoveries under Group Excess of Loss Policies	**9,336**	9,686
Recoveries under Sundry Reinsurance Policies	**9,050**	1,025
Reinsurance Recoveries	**52,589**	37,929

NOTE 9: Investment Income

	2025 US$'000	2024 US$'000
Income from Listed Investments	**12,522**	10,616
Realised Gains/(Losses) on Investments	**3,351**	(1,707)
Bank & Other Interest Receivable	**3,008**	3,348
Investment Income	**18,881**	12,257

NOTE 10: Net Operating Expenses

	2025 US$'000	2024 US$'000
Acquisition Costs	**16,961**	15,024
Administration Expenses	**5,386**	5,272
Net Operating Expenses	**22,347**	20,296

Included within Net Operating Expenses are the following:

	2025 US$'000	2024 US$'000
Fees payable to the Association's auditor and its associates for the audit of the Association and the Group's consolidated financial statements	**463**	431
Fees payable to the Association's auditor and its associates for other services:		
– Audit of the Association's subsidiaries	**170**	219
Board Members Fees	**510**	454
Change in Deferred Acquisition Costs	**(156)**	64

Other than the Board and Committee Members, the Association does not have any employees (2024: nil).

NOTE 11: Taxation

	2025 US$'000	2024 US$'000
Analysis of charge for period		
UK Corporation tax charge	**721**	714
Overseas Corporation tax charge	**-**	-
Unrelieved foreign withholding taxes	**349**	153
Income Tax Expense	**1,070**	867

By virtue of its mutual status, the Association is not liable to tax on its underwriting operations. The Association's own investment income is subject to UK Corporation tax. The investment income of the Association's subsidiary The London Steam-ship Owner's Mutual Insurance Association (Bermuda) Limited and Hydra Insurance Company Limited – London Cell are not subject to tax in Bermuda but do suffer irrecoverable withholding tax on income from investments in certain jurisdictions. The London P&I Insurance Company (Europe) Limited is subject to corporation tax in Cyprus on taxable profits at the rate of 12.5%.

FACTORS AFFECTING THE TAX CHARGE FOR PERIOD

The tax charge for the period is lower than that produced by applying the standard rate of Corporation tax in the UK of 25% for the year. The differences are explained below:

	2025 US$'000	2024 US$'000
Net surplus/(deficit) before tax	**22,419**	37,175
Multiplied by standard rate of Corporation tax in the UK of 25%	**(5,605)**	(8,300)
Multiplied by standard rate of Corporation tax in the UK of 19%		(755)
Effects of:		
Non-taxable mutual insurance underwriting operations	**-**	4,856
Non-taxable investment income	**4,884**	3,485
Differences in overseas tax rates	**-**	-
Unrelieved foreign withholding taxes	**(349)**	(153)
Income Tax Expense	**1,070**	867

NOTE 12: Investments in Group Undertakings & Participating Interests

	2025 US$'000	2024 US$'000 (Restated)
Shares in Group Undertakings & Participating Interests	**159,828**	153,058

The Companies listed below are wholly owned subsidiaries.

	Consolidated	Address of the registered office and country of incorporation	Company registration number	Class of Shares	Principal Activity
Hydra Insurance Company Limited – London Cell	Yes	Clarendon House 2 Church Street Hamilton, HM11, Bermuda	34834	Ordinary/ Preferred	Reinsurance
The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited	Yes	Clarendon House 2 Church Street, Hamilton, HM11, Bermuda	6685	N/A	Reinsurance
The London P&I Insurance Company (Europe) Limited	Yes	5 Esperidon Street 4th Floor Strovolos, 2001 Nicosia, Cyprus	HE410091	Ordinary	Insurance
London & Bermuda Reinsurance Company Limited	No	Clarendon House 2 Church Street, Hamilton, HM11, Bermuda	2851	Ordinary	Dormant

Investments in Group Undertakings and Participating Interests are stated at current realisable value. An economic balance sheet approach is applied to the assets and liabilities of each entity to calculate a current net asset value. In each case a discount is applied to the current net asset value to reflect the expectation that realisable value to an independent party would be below current net asset value for each entity.

The London P&I Insurance Company (Europe) Limited was incorporated as a limited company in Cyprus on 12 June 2020. At 20 February 2025, the Association's investment comprised 20,000 ordinary shares at a premium in the Company amounting to US$20,000k (2024: US$20,000k).

At 20 February 2025, the Association's investment in Hydra comprised 20,000 ordinary shares at par in the Company and preferred shares and contributed surplus in the Association's cell of Hydra amounting to US$2,169k (2024: US$14,769k)..

The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited is a mutual insurance company registered in Bermuda and limited by guarantee without share capital. The Association is the sole Member of The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited.

In view of the dormant and immaterial nature of London and Bermuda Reinsurance Company Limited (LBR), the Board has taken the decision to exclude this entity from the Consolidated Financial Statements. LBR does prepare standalone Financial Statements and its Financial Statements are filed with the Bermuda Monetary Authority.

NOTE 13: Investments in Associates

The Association recognises its investments in associates at cost less any accumulated impairment losses. The Association's only associate investment is its investment in A. Bilbrough & Co. Limited, registered at 50 Leman Street, London, E1 8HQ.

The Association had no equity ownership interest in A. Bilbrough & Co. Limited at the most recent year-end date. The carrying value of this investment is US$Nil (2024: US$Nil). In the Board's judgement, however, A. Bilbrough & Co. Limited remains an associate as set out in Note 3.

NOTE 14: Financial Investments

All Financial Investments listed below are valued at fair value through profit or loss.

As at 20 February 2025	**Consolidated**		**Parent**	
	Market Value US$'000	**Cost US$'000**	**Market Value US$'000**	**Cost US$'000**
Equity Securities	**57,284**	**50,879**	**-**	**-**
Debt Securities	**295,571**	**300,326**	**-**	**-**
Unlisted Investments	**356**	**335**	**335**	**335**
Unlisted Deposits	**11,689**	**10,860**	**11,689**	**10,860**
Total Investments	**364,900**	**362,280**	**12,024**	**11,195**

As at 20 February 2024	Consolidated		Parent	
	Market Value US$'000	Cost US$'000	Market Value US$'000	Cost US$'000
Equity Securities	41,136	38,041	-	-
Debt Securities	291,848	291,213	-	-
Unlisted Investments	20	-	-	-
Unlisted Deposits	16,437	19,860	16,436	19,860
Total Investments	349,441	349,114	16,436	19,860

Included in financial investments is US$10,300k (2024: US$10,300k) pledged as collateral for contingent liabilities. P&I Clubs will, in certain circumstances, arrange for the issuance of bank guarantees on behalf of a Member to claimants as security for their alleged claim, with this security limited to the Member's legal liability established either by agreement or in accordance with the relevant law and covered under the Member's Terms of Entry. The terms and conditions of one legacy guarantee facility require the Association to pledge cash collateral equal to the full value of all outstanding guarantees. The Association's liquidity is not hampered by these arrangements because the Association can recover monies from its quota share reinsurer to maintain necessary solvency and liquidity levels.

DISCLOSURES OF FAIR VALUES IN ACCORDANCE WITH THE FAIR VALUE HIERARCHY

The Association has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value takes into account the following:

VALUATION METHODOLOGY	
The unadjusted quoted price in an active market for identical assets or liabilities that the Association can access at the measurement date.	Level 1
Inputs other than quoted price included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.	Level 2
Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.	Level 3

The following table presents the Association's investments at Fair Value:

CONSOLIDATED

As at 20 February 2025	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Equity Securities	**54,677**	**2,607**	**-**	**57,284**
Debt Securities & Other	**82,113**	**225,483**	**-**	**307,596**
Total	**136,790**	**228,090**	**-**	**364,880**

As at 20 February 2024	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity Securities	38,887	2,249	-	41,136
Debt Securities & Other	80,525	227,760	-	308,285
Total	119,412	230,009	-	349,421

PARENT

As at 20 February 2025	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Equity Securities	**-**	**-**	**-**	**-**
Debt Securities & Other	**10,300**	**1,724**	**-**	**12,024**
Total	**10,300**	**1,724**	**-**	**12,024**

As at 20 February 2024	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity Securities	-	-	-	-
Debt Securities & Other	10,300	6,136	-	16,436
Total	10,300	6,136	-	16,436

NOTE 15: Investment Property

The investment property is 50 Leman Street, London E1 8HQ, United Kingdom, owned by The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited. In accordance with FRS 102 Section 16, the Association accounts for this investment property at fair value at each reporting date with changes in fair value recognised in the Consolidated Statement of Comprehensive Income and Retained Earnings.

A valuation of this investment property was undertaken in 2019 by an Independent Chartered Surveyor and Royal Institution of Chartered Surveyors (RICS) Registered Valuer with the relevant knowledge, skills and understanding to undertake this valuation competently. The Valuation Report was dated 24 September 2019 and the market value of the property was assessed at GBP19,100k on that date. The report was prepared in accordance with the RICS Valuation – Global Standards, incorporating the International Valuation Standards (IVS) 2017 (The Red Book). The valuation methodology to arrive at an opinion of market value was the investment method, whereby the estimated rental value of the property is capitalised by means of a Years Purchase which is the conventionally used basis. As a check to this method, the valuer also considered sales of similar office comparables and based the valuation on a GBP per square foot basis.

A desktop valuation update has been undertaken by an Independent Chartered Surveyor and RICS Registered Valuer. This desktop Valuation Report was dated 12 January 2025 and the market value of the property was assessed at GBP12,950k on that date. On the basis of this Report the Association has assessed the fair value of the property at GBP12,950k as at 20 February 2025 (2024: GBP13,350k).

	2025 US$'000	2024 US$'000
As at 21 February	**16,833**	18,470
Unrealised (loss)	**(505)**	(2,080)
FX movement	**17**	443
As at 20 February	**16,345**	16,833

NOTE 16: Insurance & Other Receivables

	Consolidated 2025 US$'000	Consolidated 2024 US$'000	Parent 2025 US$'000	Parent 2024 US$'000
Amounts arising from Insurance Operations	**10,745**	11,250	**9,594**	10,475
Reinsurance Debtors	**4,053**	6,465	**4,047**	6,462
Sale transactions of financial investments awaiting settlement	**3,412**	1,209	**-**	-
Other Receivables	**417**	182	**2,154**	1,082
Total Insurance & Other Receivables	**18,627**	19,106	**15,795**	18,019

Amounts arising from Insurance Operations includes US$4,633k not overdue (2024: US$5,154k), US$4,134k overdue by up to six months (2024: US$3,818k), US$971k overdue by more than six months but less than 12 months (2024: US$841k), and US$1,007k overdue by more than 12 months (2024: US$1,437k). All balances past due are not impaired (2024: US$Nil).

NOTE 17: Net Insurance Liabilities

BALANCES ON INSURANCE AND REINSURANCE CONTRACTS

	Consolidated 2025 US$'000	Consolidated 2024 US$'000	Parent 2025 US$'000	Parent 2024 US$'000
Insurance Liabilities				
Members Claims	**390,608**	424,202	**388,567**	422,678
Association's Share of Pool Claims	**72,005**	65,566	**72,005**	65,566
Unearned Premium	**4,649**	5,571	**4,569**	5,518
	467,262	495,339	**465,141**	493,762
Reinsurance Assets				
Reinsurance Recoveries	**67,860**	74,912	**366,402**	398,667
Pool Recoveries	**113,376**	143,559	**76,142**	73,366
Provision for Unearned Reinsurance Premium	**1,217**	1,284	**3,802**	4,583
	182,453	219,755	**446,346**	476,616
Net Insurance Liabilities	**284,809**	275,584	**18,795**	17,146

MOVEMENT IN INSURANCE & REINSURANCE CONTRACTS

	Consolidated 2025 US$'000	Consolidated 2024 US$'000	Parent 2025 US$'000	Parent 2024 US$'000
Insurance Liabilities & Unearned Premium				
Claims Outstanding				
As at 21 February	**489,769**	542,966	**488,244**	541,757
Claims paid in the Year	**(157,243)**	(146,867)	**(156,644)**	(146,418)
Changes to Reserves in the Year	**130,087**	93,669	**128,973**	92,905
As at 20 February	**462,613**	489,768	**460,573**	488,244
Unearned Premium				
As at 21 February	**5,571**	5,354	**5,518**	5,273
Calls & Premiums Written in the Year	**158,841**	142,844	**153,534**	137,725
Calls & Premiums Earned in the Year	**(159,763)**	(142,627)	**(154,483)**	(137,480)
As at 20 February	**4,649**	5,571	**4,569**	5,518
Total Insurance Liabilities & Unearned Premiums	**467,262**	495,339	**465,141**	493,762
Reinsurance Assets & Unearned Reinsurance Premium				
Reinsurers' Share of Claims Outstanding				
As at 21 February	**218,471**	239,703	**472,035**	522,894
Reinsurance Recoveries made in the Year	**(52,589)**	(37,929)	**(63,225)**	(49,712)
Changes to Reserves in the Year	**15,354**	16,697	**33,734**	(1,149)
As at 20 February	**181,236**	218,471	**442,544**	472,033
Unearned Reinsurance Premium				
As at 21 February	**1,285**	1,413	**4,583**	4,404
Reinsurance Premium Written in the Year	**24,857**	25,430	**34,572**	33,909
Reinsurance Premium Earned in the Year	**(24,926)**	(25,559)	**(35,353)**	(33,730)
As at 20 February	**1,216**	1,284	**3,802**	4,583
Total Reinsurance Assets & Unearned Reinsurance Premium	**182,452**	219,755	**446,346**	476,616
Total Net Technical Provisions	**284,810**	275,584	**18,795**	17,146

Claims Development Tables

The following tables compare the projected ultimate claims experience of the Association compared with the previous projected ultimate claims for each policy year on a gross and net basis:

GROSS CLAIMS DEVELOPMENT

As at 20 Feb 2025	Other US$'000	2015/16 US$'000	2016/17 US$'000	2017/18 US$'000	2018/19 US$'000	2019/20 US$'000	2020/21 US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000	Total US$'000
Gross Ultimate Claims												
Current Year		67,568	69,773	73,112	126,957	98,188	104,644	406,245	117,657	54,473	102,724	
One Year Later		67,343	69,688	72,673	126,326	119,007	109,328	418,059	132,324	55,598		
Two Years Later		68,322	74,237	71,767	116,550	119,229	118,615	423,256	132,153			
Three Years Later		65,719	71,222	70,543	108,401	115,473	120,771	440,351				
Four Years Later		63,537	69,335	67,846	100,867	113,726	118,120					
Five Years Later		63,467	70,359	68,006	99,494	112,308						
Six Years Later		62,491	70,048	66,885	99,152							
Seven Years Later		60,217	68,874	66,971								
Eight Years Later		59,261	68,797									
Nine Years Later		59,309										
Gross Cumulative Paids												
Current Year		12,590	24,450	11,255	22,164	18,426	18,428	85,013	9,830	9,878	17,079	
One Year Later		30,105	39,021	30,406	47,604	52,717	48,013	194,887	42,637	23,606		
Two Years Later		39,907	54,268	40,314	66,451	73,567	69,858	244,189	79,607			
Three Years Later		48,089	60,616	51,131	76,810	88,733	92,279	294,383				
Four Years Later		55,419	61,362	55,305	86,867	92,775	97,059					
Five Years Later		57,116	65,829	56,527	88,661	98,839						
Six Years Later		58,654	66,702	59,092	93,292							
Seven Years Later		57,017	66,997	61,621								
Eight Years Later		57,052	67,085									
Nine Years Later		57,069										
Gross Outstanding Claims	96,769	2,240	1,712	5,350	5,860	13,469	21,061	145,968	52,546	31,992	85,645	**462,612**

NET CLAIMS DEVELOPMENT

As at 20 Feb 2025	Other US$'000	2015/16 US$'000	2016/17 US$'000	2017/18 US$'000	2018/19 US$'000	2019/20 US$'000	2020/21 US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000	Total US$'000
Net Ultimate Claims												
Current Year		64,544	60,044	72,639	84,041	96,334	88,337	135,924	93,561	54,473	98,995	
One Year Later		62,130	60,514	69,494	88,638	107,650	90,257	146,000	95,301	55,598		
Two Years Later		63,089	65,527	68,412	89,591	106,449	98,636	145,993	95,157			
Three Years Later		60,642	63,323	67,446	87,909	106,892	100,601	148,191				
Four Years Later		59,082	62,729	67,745	83,396	105,397	97,304					
Five Years Later		58,483	62,737	67,906	82,004	103,973						
Six Years Later		57,440	62,727	66,785	82,494							
Seven Years Later		57,137	62,491	66,871								
Eight Years Later		56,595	62,483									
Nine Years Later		56,652										
Net Cumulative Paids												
Current Year		11,761	20,734	11,255	22,164	18,426	18,428	34,556	9,830	9,878	17,079	
One Year Later		29,234	33,237	30,363	43,936	52,717	48,013	75,609	38,730	23,606		
Two Years Later		39,027	48,477	40,213	55,685	73,567	58,732	97,461	61,235			
Three Years Later		47,141	54,414	51,031	65,764	84,008	77,442	112,626				
Four Years Later		51,068	55,176	55,204	70,398	87,126	81,577					
Five Years Later		52,625	59,544	56,427	72,189	92,972						
Six Years Later		54,064	60,392	58,992	76,821							
Seven Years Later		54,359	60,683	61,521								
Eight Years Later		54,394	60,771									
Nine Years Later		54,412										
Net Outstanding Claims	56,278	2,240	1,712	5,350	5,673	11,001	15,727	35,565	33,922	31,992	81,916	**281,376**

NOTE 18: Insurance & Other Payables

	Consolidated		Parent	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Amounts arising out of Insurance Operations	**8,109**	6,597	**7,278**	6,247
Reinsurance Creditors	**590**	843	**590**	843
Purchase transactions of financial investments awaiting settlement	**5,726**	10,657	**-**	-
Other Payables	**1,777**	2,773	**1,979**	2,207
Intercompany	**-**	-	**38,962**	43,231
Total Insurance & Other Payables	**16,202**	20,870	**48,809**	52,528

NOTE 19: Deferred Acquisition Costs

	Consolidated		Parent	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
As at 21 February	**833**	766	**814**	717
Acquisition costs written in the year	**16,803**	15,089	**15,337**	13,647
Acquisition costs earned in the year	**(16,962)**	(15,025)	**(15,507)**	(13,552)
As at 20 February	**674**	830	**644**	812

NOTE 20: Cash and Cash Equivalents

	Consolidated		Parent	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Cash at bank and in hand	**29,074**	25,866	**12,262**	2,607
Short term deposits	**41,000**	32,000	**41,000**	32,000
Money market funds	**24**	118	**-**	-
Total Cash and Cash Equivalents	**70,098**	57,984	**53,262**	34,607

NOTE 21: Parent Company Movement in Reserves Attributable to Member

	2025 US$'000	2024 US$'000 (Restated)
Income & Expenditure account		
As at 21 February	153,387	152,068
Surplus/(Deficit) for the financial year	20,288	1,319
As at 20 February	**173,675**	153,387

NOTE 22: Related Party Transactions

The Association has no share capital and is controlled by its members who are also the insured. The insurance transactions are deemed to be related party transactions but these are the only transactions between the Association and its members.

Most of the Directors are representatives or agents of member companies and other than the insurance and membership interests in the Directors' companies, the Directors have no financial interest in the Association. The Board delegates the day to day operations of the Association to A. Bilbrough & Co. Limited. Three Directors of A. Bilbrough & Co. Limited are directors of the Association. The Association paid management fees of £16.7m (2023: £16.0m) to A. Bilbrough & Co. Limited for the year.

The Association's wholly owned subsidiary, The London P&I Insurance Company (Europe) Limited, cedes to the Association 90% of all P&I and FD&D claims risks net of non-group reinsurance recoveries by way of a Quota Share Reinsurance Agreement in return for 90% of the Net Premium Income (less a discount) earned in the year. The Board of The London P&I Insurance Company (Europe) Limited delegates the day to day operations of the Company to A. Bilbrough & Co. (Europe) Limited. Three Directors of A. Bilbrough & Co. (Europe) Limited are Directors of the Company and two Directors of A. Bilbrough & Co. Limited, the parent company of A. Bilbrough & Co. (Europe) Limited, are also Directors of the Company. The Company paid management fees of EUR1,330k (2024: EUR1,225k) to A. Bilbrough & Co. (Europe) Limited for the year.

NOTE 23: Average Expense Ratio – P&I Only

In accordance with the International Group Agreement 2025, the Association is required to include in these Financial Statements a statement of its Average Expense Ratio for P&I business for the five years ended 20 February 2025. The Ratio of 13.72% (2024: 13.38%) has been calculated in accordance with the schedule and the guidelines issued by the International Group and is consistent with the relevant Financial Statements.

Note 24: Prior Period Restatement

Historically investments in Group Undertakings and Participating Interests in the Association's own Statement of Financial Position were stated at cost less impairment. During the 2024/25 financial year the accounting policy was changed to state investments in Group Undertakings and Participating Interests at current realisable value. The prior period comparatives in these Financial Statements for investments in Group Undertakings and Participating Interests on the Parent Company Statement of Financial Position have been restated to be consistent with this change in accounting policy. The previously reported and restated valuation of investments in group Undertakings and Participating Interests at 20 February 2024 is presented below:

	Restated US$'000	Previously reported US$'000
Parent Company		
Investments in Group Undertakings and Participating Interests	153,058	84,789

Appendix I: Policy Year Statements (Unaudited)

CLASS 5 – P&I POLICY YEAR STATEMENT

	Notes	Reserves US$'000	Closed Years US$'000	2022/23 Policy Year US$'000	2023/2024 Policy Year US$'000	2024/2025 Policy Year US$'000	Total US$'000
Year to 20 February 2025				353	5,812	138,088	
Year to 20 February 2024				6,141	120,597	-	
Year to 20 February 2023				113,119	-	-	
Total Earned Calls & Premiums				119,613	126,409	138,088	
Earned Reinsurance Premiums				(21,600)	(22,364)	(21,691)	
Net Earned Premium				**98,012**	**104,045**	**116,397**	
Net Claims Paid	1			(71,464)	(38,047)	(33,714)	
Net Operating Expenses	2			(19,210)	(15,904)	(18,237)	
Investment Income				(3,615)	12,053	18,596	
Balance available for Outstanding Claims		**131,849**	**98,340**	**3,724**	**62,147**	**83,042**	**379,102**
Allocation from Reserves at 20 February 2024			29,697	31,112	(26,055)	389	35,143
Net Insurance Liabilities			(120,587)	(32,905)	(32,156)	(83,194)	(268,842)
		131,849	7,450	1,931	3,936	237	145,403
Unrealised Losses on Investments & Property		4,050	-	-	-	-	4,050
Allocation from Closed Years at 20 February 2025		13,554	(7,450)	(1,931)	(3,936)	(237)	-
Undiscounted Policy Year Balances		**149,453**	**-**	**-**	**-**	**-**	**149,453**

CLASS 8 – FD&D POLICY YEAR STATEMENT

	Notes	Reserves US$'000	Closed Years US$'000	2022/2023 Policy Year US$'000	2023/2024 Policy Year US$'000	2024/2025 Policy Year US$'000	Total US$'000
Year to 20 February 2025				15	561	11,722	
Year to 20 February 2024				675	11,716	-	
Year to 20 February 2023				11,308	-	-	
Total Earned Calls & Premiums				11,998	12,277	11,722	
Earned Reinsurance Premiums				(1,281)	(1,318)	(395)	
Net Earned Premium				**10,717**	**10,959**	**11,327**	
Net Claims Paid				(7,459)	(5,090)	(3,682)	
Net Operating Expenses	2			(2,226)	(2,574)	(2,432)	
Investment Income				(212)	443	827	
Balance available for Outstanding Claims		**11,386**	**1,259**	**820**	**3,738**	**6,040**	**23,243**
Allocation from Reserves at 20 February 2024			1,406	2,506	487	(523)	3,875
Net Insurance Liabilities			(3,220)	(2,545)	(1,869)	(4,899)	(12,533)
		11,386	(555)	781	2,356	618	14,586
Unrealised Losses on Investments & Property		259	-	-	-	-	259
Allocation from Closed Years at 20 February 2025		3,200	555	(781)	(2,356)	(618)	-
Undiscounted Policy Year Balances		**14,845**	**-**	**-**	**-**	**-**	**14,845**

NOTE 1: NET CLAIMS PAID

IIncluded within Class 5 are the Association's Share of Other Clubs' Pool Claims. The Association's liability under the Pooling Agreement for the Policy Years 2022/23 – 2024/25 has been determined on the basis of current provisional percentage shares. Final percentage shares may differ.

	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000
Association's Share of Other Clubs' Pool Claims	3,545	2,851	7,098

NOTE 2: NET OPERATING EXPENSES

Net operating expenses include brokerage, commissions and exchange adjustments as follows:

	CLASS 5 – P&I			CLASS 8 – FD&D		
	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000
Exchange Adjustments	2,692	(538)	**(110)**	175	(33)	**20**
Admin Expenses	4,583	3,789	**5,116**	630	952	**687**
Brokerage & Commission	11,935	12,653	**13,231**	1,421	1,655	**1,725**
Total	19,210	15,904	**18,237**	2,226	2,574	**2,432**

NOTE 3: NET OUTSTANDING CLAIMS

	CLASS 5 – P&I				CLASS 8 – FD&D			
	Closed Years US$'000	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000	Closed Years US$'000	2022/23 US$'000	2023/24 US$'000	2024/25 US$'000
Gross Claims Outstanding								
Retained	237,870	47,582	22,251	66,659	6,931	2,545	1,869	4,899
Pool	37,890	3,946	9,905	20,264	-	-	-	-
	275,760	51,528	32,156	86,923	6,931	2,545	1,869	4,899
Reinsurers' Share of Claims Outstanding								
Pool	(75,036)	(14,613)	-	(2,462)	-	-	-	-
Group XL/Hydra	(56,124)	(3,549)	-	(1,268)	-	-	-	-
Other	(24,013)	(462)	-	-	(3,710)	-	-	-
	(155,173)	(18,624)	-	(3,729)	(3,710)			
Net Claims	120,587	32,904	32,156	83,194	3,220	2,545	1,869	4,899

Appendix II: Release Calls (Unaudited)

At the meeting on 29 April 2025, the Board reviewed the Open Policy Years and Release Call rates and reached the following decisions:

	Class 5 – P&I	Class 8 – FD&D
2022/2023	5.0% of the Annual Call	5.0% of the Annual Call
2023/2024	12.5% of the Annual Call	12.5% of the Annual Call
2024/2025	15.0% of the Annual Call	15.0% of the Annual Call
2025/2026	15.0% of the Annual Call	15.0% of the Annual Call

In setting Release Calls at these levels the factors taken into account by the Board included each of the risk categories listed below, individually and in the aggregate.

Risk Categories:
1. Premium risk;
2. Reserve risk;
3. Market risk;
4. Counterparty default risk;
5. Catastrophe risk; and
6. Operational risk.

RELEASE CALLS – CLASS 5 (P&I ONLY)

The Association is required to publish, in accordance with the International Group Agreement 2025, data on P&I Release Calls in the form of the margins in excess of originally estimated total calls for the five preceding policy years.

The margins that apply, at the date of publication of these Financial Statements, in respect of the five preceding years are as follows:

2020/2021 Nil (Closed)
2021/2022 Nil (Closed)
2022/2023 5.0% of the Annual Call (as stated above)
2023/2024 12.5% of the Annual Call (as stated above)
2024/2025 15.0% of the Annual Call (as stated above)

The London P&I Club

Managers
A. Bilbrough & Co. Ltd.

London
50 Leman Street
London E1 8HQ
T: +44 20 7772 8000
F: +44 20 7772 8200
E: london@londonpandi.com

Greece
Ionion Building
Akti Miaouli & 2,
II Merarchias Street
185 35 Piraeus
T: +30 210 458 6600
F: +30 210 458 6601
E: piraeus@londonpandi.com

Hong Kong
Unit 3603
36/F Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong
T: +852 3761 5678
F: +852 2838 2001
E: hongkong@londonpandi.com

Cyprus
Victory House
Office 321
205 Archbishop Makarios Avenue
3030 Limassol
Cyprus
T: +357 25 26 08 00
F: +357 25 26 08 02
E: limassol@londonpandi.com

Republic of Korea
In association with:
AB Korea
19Fl S Tower Bldg
82 Saemunan-ro
Jongno-gu
Seoul
Republic of Korea
T: +82 2 704 7440
E: london@ab-korea.com

www.londonpandi.com

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7107 **06/25**